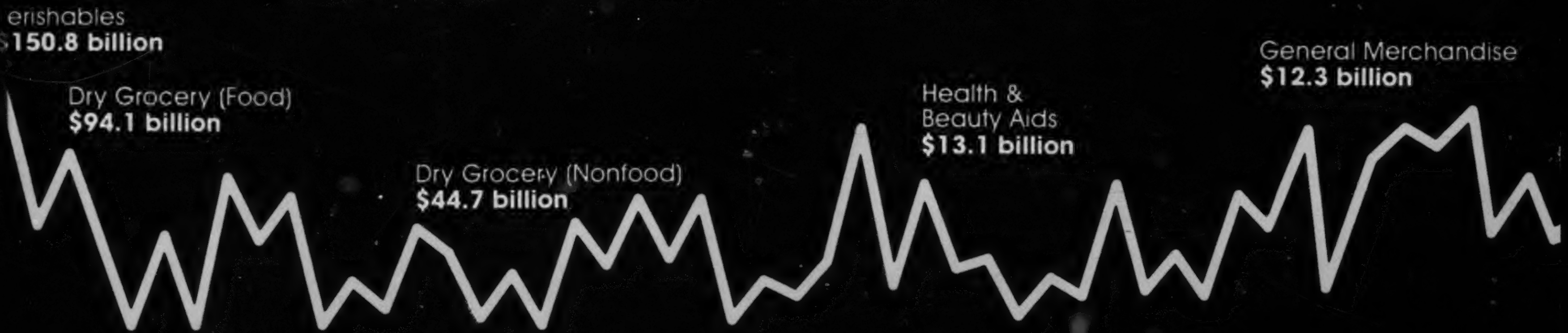
SUPERMARKET BUSINESS

$32
PER COPY

VOLUME 45/NUMBER 9
SEPTEMBER 1990



43RD ANNUAL

CONSUMER EXPENDITURES

ST OP $329 BILLION

************ 5-DIGIT 20814
213 SBSC4580916 M
CONGRESSIONAL INFO SERVIC
09
CONGRESSIONAL INFO SRV IN
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

BRI

ALSO IN THIS ISSUE:

HUGHES MAKES CONVENTIONAL THE EXCEPTIONAL ... AND IT WORKS

BIG FRESH, SHOPPERS' MAGICAL KINGDOM IN NEW ZEALAND

SUPERMARKET BUSINESS
SEPTEMBER 1990
VOLUME 45/NUMBER 9

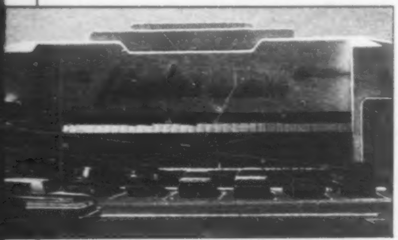
Page 152

SPENDING TRENDS AT GROCERY STORES 41

Sales reached a record $329.7 billion in 1989, up 6.1 percent from the year before. But since the consumer price index increase even faster—6.5 percent—overall tonnage was slightly down. Changing consumer habits and increased competition are said to be two of the reasons.

HIGHLIGHTS 49-65
EXPENDITURE TABLES
SUMMARY TABLES 66
PERISHABLES 69
DRY GROCERY/FOOD 74
DRY GROCERY/NONFOOD 82
HEALTH & BEAUTY AIDS 86
GENERAL MERCHANDISE 99

FOCUS FEATURES
BABY NEEDS 135
BAKED GOODS 137
BAKERY 115
BEER 141
CANDY AND GUM 152
CANNED GOODS 144
CEREAL 147
DAIRY 149
DELI 119
FROZEN FOODS 154
GENERAL MERCHANDISE 156
GREETING CARDS 158
HEALTH & BEAUTY AIDS 160
PERIODICALS 165
PET NEEDS 169
PRODUCE 173
PHOTO SUPPLIES 177
REFRIGERATED FOODS 181
SEAFOOD 131
SNACKS 183
SOFT DRINKS 187
TOBACCO 189



Page 26

HUGHES MAKES THE CONVENTIONAL EXCEPTIONAL...AND IT WORKS KEN PARTCH 26

Quietly growing at the rate of four to five stores a year, this privately-owned chain will soon reach the $1 billion mark in sales—all in conventional, but well-run, supermarkets.

FOR SHOPPERS IN NEW ZEALAND, IT'S BIG FRESH, 'A MAGICAL KINGDOM' 33

CAROL FENSHOLT

Substance with a dash of Disney style make this store 'down under' a hit with shoppers.

Page 33

COOKS KITCHEN AND C.O.O.K.S. HOTLINE: NEW WAYS TO HELP CUSTOMERS 103

HOWARD RIELL

Price Chopper will not only prepare hot takeout items to order for its shoppers, it will also offer cooking advice over a toll-free hotline.

MULTIPACK BATTERIES POWER SALES GROWTH MIKE DUFF 195

Supermarkets are losing sales opportunities to mass merchants who put more emphasis on multiple displays and multipack battery units.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW.......... 5
WASHINGTON BRIEFS ... 9
TRADESCAN 11
TECHNOLOGY........... 17
PRODUCE 21
PRACTICAL PROFIT TIPS. 25
PREPARING FOOD 125
SAMI UPDATE........... 199
ADVERTISER'S INDEX.... 203
SEPTEMBER CONTEST... 204
CHECKOUT.............. 206

Cover Photo: David DiMicco

ENERGY AND PRICES—LESSON 2

By Ken Partch, Editor-in-Chief

Back in the 1970s, during the last oil crisis and general inflation, the argument of "replacement cost" first arose—*in the supermarket industry*. A trade association executive explained to me how the supermarket operators had to charge more immediately, even on old merchandise, in order to have the money to buy new stock.

Although my eyebrows remained somewhat arched, I allowed as how that was a pretty good argument. After some more thought, however, I asked if that wasn't exactly the same position I was in as a consumer, replacing my pantry. "Not to worry," he said, "you benefit when the price comes down."

But looking at gasoline, back when the price of gasoline was in the 60-to 65-cent per gallon range, and then suddenly shot up to more than a dollar, I do not recall that it ever went back to the 65-cent range. Nor did anything else.

This August, with the sudden price jumps at the gas pump, *The Wall Street Journal*, a.k.a. the Daily Diary of the American Dream, ran a typically snide editorial "Energy Lesson 1," spelling out the argument of replacement cost for oil, with the instruction to "Repeat after me: r-e-p-l-a-c-e-m-e-n-t cost," and how it is too bad that so many people slept through the decade of the 1970s.

Using this kind of logic, supermarket operators should probably follow the futures market in grain, cattle, pork bellies, and safflower oil—and, when a noticeable increase is found, run out and change the price of bread, steak, sausage and margarine.

I wonder just how long the supermarkets would get away with that, especially if the prices were up, and if the old price was left on the margarine, or whatever. Not long, I judge, since back in those same 1970s, in those stores with item pricing, all hell broke loose. Newspapers wrote nasty editorials about gouging supermarkets that were raising prices on old merchandise, showing three or four price changes.

I raise these issues, not to ask for old-priced groceries and new-priced groceries throughout the system, as the government tried to do with oil. The problem at the grocery store was simply one of technology and item pricing that revealed the old price to everyone. Too bad.

The problem for me, if not for *The Journal*, is that I find it difficult to pretend that we really have a free market system (especially in oil) when I am aware that an oligopoly called OPEC (where each of a few producers exerts disproportionate power) is indirectly controlling the price by controlling production.

As Fred Allen might have said, "Replacement cost, my clavicle!"

I also have difficulty in believing that the oil companies—even in Texas—are not gleeful when OPEC increases prices. Any fool knows that the same profit margin on higher prices produces more dollars. It is never a penny for penny pass-through, as any businessman will admit.

Perhaps I would be more sympathetic to the need for the oil companies to maintain profits when the price of crude goes up, as *Fortune* magazine explained to me in its special report on oil, if so many oil companies were not also producers, refiners, distributors and retailers. They get the increases at every level.

Meat packers are not allowed to own supermarkets or retail butcher shops. For the same reasons, Consolidated Foods was forced to divest itself of Eagle Food Centers, some years ago. The anti-trust laws are not applied equally, it seems.

Perhaps I simply missed it, but I don't recall any editorials explaining how it was necessary for the nation's supermarkets to raise all prices during an inflation because of the need to cover replacement costs. But then perhaps everybody knows that supermarkets were built on the principle of trying to sell the stuff *before* you have to pay for it. Maybe they should explain this to the oil companies—or do you think they know?

I would think that the idea of a "futures" market is that one contracts for delivery at some later date at a certain price. In actuality, from what I can read, the oil companies are not buying very much oil right now, because of price uncertainty and because there is no great need.

If anybody were to call a spade a spade in all of this, it is probably a case of psychological market impact, and a *climate* of being able to raise prices because of a *potential* shortage of *cheap* or *cheaper* oil.

As Fred Allen might have said, "Replacement cost, my clavicle!" It's purely a case of being able to charge whatever the market will bear. There's nothing undemocratic or essentially wrong with that in a free market system, except that there is a bear called OPEC holding the spigot on Middle Eastern oil. What's free market about that?

It's too bad we can't have item-pricing at the gas pump. Or, is it too bad that we have item pricing at the supermarket? It depends upon your point of view, I guess. ■

SUPERMARKET BUSINESS

EDITOR IN CHIEF
Kenneth P. Partch

MANAGING EDITOR
Wayne Schmittberger

SENIOR EDITOR/RESEARCH
David Litwak

SENIOR EDITOR
Mike Duff

EDITORIAL RESEARCH ASSOCIATE
Janet Torres Cepeda

EDITORIAL ASSISTANT
Susan Gibson

CONSULTING ART DIRECTOR
Joe Davis

ART ASSOCIATE
Manuel F. Vila, Jr.

CONTRIBUTING EDITORS
Frank Hammel
Howard Riell
Produce **Barney H. McClure**
Food Prep **Elaine Reeder**
Technology **Richard Shulman**
Store Planning **David Rogers**
Washington **John Baskin**
GM/HBA **Francis Willmes**
Management **Jack Cohen**

PUBLISHER
Jeffrey A. Schaeffer

ASSOCIATE PUBLISHER
Carol Fenshell

CIRCULATION DIRECTOR
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

ASSOCIATE PRODUCTION MANAGER
Shona Fatta

RESEARCH DIRECTOR
David Litwak

ADVERTISING SALES

REGIONAL SALES MANAGER
Ben Bocco

DIRECTOR OF SALES DEVELOPMENT
Janet Isenberg

ADVERTISING SERVICES DIRECTOR
Karen Kingsley

CHICAGO
VICE PRESIDENT NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger

1821 Walden Office Sq
Suite 333
Schaumburg, Ill. 60173
708-397-6700

WEST COAST
Sue Merritt

16133 Ventura Blvd., Suite 1270
Encino, Calif. 91436
818-783-5888

VICE PRESIDENTS
Carol Fenshell
Kenneth P. Partch

VICE PRESIDENT ADMINISTRATION
Catherine Cahill

CORPORATE OFFICERS FM BUSINESS PUBLICATIONS, INC.

CHAIRMAN
Robert Riordan

PRESIDENT & CEO
Paul McPherson

PRESIDENT-MARKETING/SERVICE DIVISION
Jeffrey A. Schaeffer

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by FM Business Publications, Inc., 475 Park Avenue South, New York, N.Y. 10016. Telephone: 212-779-4391. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $5 per year; Canada, $62 per year. Foreign subscriptions $73 (seamail), $233 (airmail), per year. Single copies $7 except Consumer Expenditures Study (September issue) $32 per copy. (Discount prices available on multiple purchases.) Copyright © 1990 FM Business Publications, Inc. All rights reserved. Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

BPA ABP

43RD ANNUAL

CONSUMER EXPENDITURES STUDY

Higher prices gave the grocery industry another record year in dollar sales, but grocery tonnage, which is closely tied to population, has been flat. The real story lies in rapidly changing trends in individual food and grocery categories.

BY DAVID LITWAK, DIRECTOR OF RESEARCH
ASSISTED BY JANET TORRES CEPEDA

METHODOLOGY & DEFINITIONS	42
SALES GAINS BY MAJOR CATEGORY	49
PER CAPITA AND HOUSEHOLD EXPENDITURES	49
AVERAGE HOUSEHOLD WEEKLY PURCHASES	50
CATEGORIES WITH GREATEST INCREASES, DECREASES IN SALES	59
FOOD STORE SALES BY SIZE, STORE VOLUME	61
GROWTH IN RETAIL TRADE INDUSTRIES	63
REAL GROWTH AND PRICE GROWTH	65
SUMMARY TABLES	66

NOTE: Detailed tables begin on p. 69.

Total grocery sales in dollars and in tonnage are closely tied to population. With flat population trends in the U.S., without inflation, grocery sales do not grow appreciably. The real story of what happened in grocery sales in 1989 lies within the category tables and the focus features in this special report, the Annual Consumer Expenditures Study.

Within the CES tables and features there are many enlightening changes taking place—in frozen foods, diet foods, shelf-stable microwavable foods, fresh bakery, fresh deli, fresh fish, produce and take out foods. The list keeps growing every year.

The good news about 1989 is that the grocery industry had total sales of almost $329.7 billion dollars, the highest ever for the industry. This represented an increase of 6.1 percent over 1988's $310.8 billion.

The bad news is that prices grew even faster. According to the U.S. Department of Labor's Bureau of Labor Statistics, the Consumer Price Index (CPI) for food at home, basically grocery store products, rose 6.5 percent during 1989. Therefore, the dollar sales gains experienced by the grocery industry last year were due to higher prices, not increased tonnage.

In fact, sales tonnage declined about 0.4 percent. The decline is particularly troubling in light of the highly competitive state of the food business these days. The grocery industry is fighting for each consumer dollar, both with food establishments outside the industry, and among the elements within the grocery industry.

Supermarkets are competing with smaller grocery stores, particularly the ever-aggressive convenience stores, for dollars spent on essential groceries and, more and more, for convenience foods. From outside the grocery industry, the competition is even fiercer. Specialty food stores have always held part of the consumer food dollar.

Not only food-related stores compete for the food and nonfood dollars the supermarkets want. Drugstores and mass merchandisers have increased the number of food items that they sell. Warehouse clubs and other new hybrid formats have also cut into some supermarket sales.

Foodservice competitors gain share

How have these competitors done when compared with the pace of grocery sales? Some competitors did rather well last year, while others suffered. The most successful were restaurants, fast food and other foodservice establishments.

Dollar sales at these outlets increased 10.4 percent to $173.7 billion dollars in 1989. Meanwhile, the CPI for food away from home went up only 4.6 percent, which produced a net volume gain of 5.5 percent.

This gain in foodservice volume is significant, and indicates that supermarkets and other grocery outlets are lagging behind in the race for the prepared food dollar.

Supermarkets in particular, have put a lot of money and effort into beefing up their delis and prepared foods programs in hopes of gaining a stronger hold on the increasing desire for prepared foods. It appears that so far the efforts have not been enough.

Another industry that did well last year were those in the general merchandise group, which includes mass merchandisers. These outlets had sales gains of 9.9 percent.

Some key competitors of supermarkets and other grocery outlets had poor years in 1989. Liquor stores, which compete with supermarkets in some states, had only a 4.3 percent sales dollar gain last year, while drug and proprietary stores realized only a 2.0 percent gain in dollar sales.

Some food competitors did poorly last year. Specialty food stores, which includes gourmet, meat, deli, bakery, produce and fish retailers lost both dollar sales and volume. Sales of these stores reached only $19.9 billion in 1989, down 3.3 percent.

These stores seem to be hit by a double whammy, having lost sales to both grocery outlets and foodservice outlets. Many consumers shun them in their quest for convenient foods, either already prepared or at least purchased on a one-stop basis.

Grocery stores account for 19.2 percent of the more than $1.7 trillion in retail sales in the United States during 1989. Of all the retail industries, only motor vehicle dealers have a larger piece of the retail pie, 22.0 percent (based on sales of $378.3 billion).

There are several reasons to explain why the grocery industry failed to grow last year. One important factor is the shifting balance between the various segments of the food industry. Although the shift was slight, restaurants made inroads into the grocery share of the food dollar.

The total sales in 1989 of all food outlets, including grocery, restaurant and specialty foods stores were $523.3 billion, which was a 7.1 percent increase over 1988's $488.8 billion. In 1988, restaurants accounted for 32.2 percent of those dollars, while grocery stores brought in 63.6 percent. By the end of 1989, restaurants had upped their share to 33.2 percent, while grocery's share fell to 63.0 percent.

As consumers continued to look for "healthier" foods, fresh poultry and seafood directly benefited from the decline in red meat sales.

These may be small shifts in terms of percentages, but they represent a significant number of dollars, given the size of the market.

Shifts in eating patterns also helped to account for slowed sales growth. Fresh meat has always been the largest single section in the supermarket. Compared with all the other food items, fresh meat has always had higher prices, and brought in the biggest share of the food dollar. While that is still true, fresh meat sales were somewhat disappointing in 1989.

Sales of the fresh meat, fish and poultry department were up slightly last year (2 percent). The fresh meat section of the department, lost 0.9 percent, however, with its largest participant, beef, losing 1.6 percent of its sales. It took a 10.4 percent increase in poultry, a 4.7 percent increase in fish/seafood, and a 2 percent increase in packaged meats to offset the loss in beef. Higher beef prices (the CPI for beef was up 4.0 percent) did not make up for the lost tonnage, as the per capita consumption of beef fell 5.3 percent to 68.9 lbs.

During this period, pork sales remained at about the level of the previous year (up 0.9 percent), while lamb rose 7.6 percent and veal fell 7.9 percent.

If beef had had a strong year, or even a stable year, then the stronger sales in poultry and fish would have helped raise sales of the whole department and even the entire store to a higher level.

Dietary concerns have helped keep down the sales of fresh red meat over the last few years, while raising the sales of poultry and fish. But health and diet are not the only reasons for beef's decline. Sales of fresh meat in supermarkets were affected by consumers' switching some of their purchases from fresh raw meat to cooked products.

As has been said before, the need for convenience is a driving force in food sales. More shoppers and their dollars are drifting toward prepared foods. Consumers may not be buying as much fresh meat, but may be buying that same meat already prepared. Evidence of this is the rise in sales of prepared foods through supermarkets, and the increase in deli sales.

Service deli sales rose 16.5 percent

Continued on page 46

METHODOLOGY

The 43rd Annual Consumer Expenditures Study (CES) represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 42 prior studies, the 43rd annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, market research firms, trade associations and wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaires were supplied with sales estimates from the 42nd Annual CES (1988) for the product lines in which they specialize. We asked them to indicate the percentage change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we asked them to supply industrywide figures, and not their own sales figures. They also had the option to adjust previous sales figures according to their knowledge of the market.

Once these responses had been recorded, they were verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each number was cross-checked, even if the response came from a marketer who had a 75 percent share of a particular category.

The result of all this is the consolidation of information into one set of numbers representing the percentage change in the total domestic, grocery and supermarket sales from 1988 to 1989, which is then applied to the 1988 base figure or, if situations warrant, a revised 1988 base figure.

The 1989 CES contains two categories that were not previously broken out in our annual studies. These represent changes in the marketplace that we've incorporated into the study. Figures for these new categories were, in most cases, included in miscellaneous or "other" categories. In order to accurately reflect the changes in the new categories, and the store departments from which they are drawn, it was necessary to revise some of the previously published 1988 figures to include that year's sales in these categories. Wherever the 1988 sales of a category or department have been revised, a footnote appears explaining the revision.

OUR DEFINITIONS OF GROCERY STORES

Some of the following items are referred to in this report. To assist interpretations of our findings, they are listed below:

Supermarket: Complete, full-line self-service and partial service food market, with annual sales of at least $2 million.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.

Specialty Store: Store whose primary line may be meat, dairy, produce, drug or general merchandise.

All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of 11 or more food retailing stores, regardless of individual dollar volume.

last year, making it again one of the top gainers in the store. With sales topping $11.1 billion, the switch from raw to prepared meats and other foods is evident. This is a good thing for the supermarket when it comes to building sales dollars. Sales of prepared foods are usually higher priced and more profitable than sales of fresh foods, even meats.

The problem is that many of the sales that have drifted away from fresh meat do not find their way to the service deli counter, or even to the refrigerated or frozen cases. Much of the movement goes from the meat case, and right out the door to the foodservice outlet.

Tales of health, fads and society

The issues of health, nutrition and what is put into our bodies is still an important force in consumer food expenditures, at least for many consumers. Increases and decreases in sales of many items can still be pegged directly to these issues.

As we've seen, part of the decline in beef sales can be laid to the desire for less red meat in the diet. High fat contents also put the squeeze on butter (− 8.3 percent) and lard (− 14.1 percent) sales. Nutritional concerns also helped decrease sales of many canned meats and specialty foods (− 3.2 percent), especially corned beef hash (− 10.6) and ham (− 7.9).

Eggs again took a beating last year, with sales falling 1.5 percent, partly due to the continuing saga of the effects of cholesterol, and partly due to concerns over salmonella contamination. White bread also continued to decline (0.9 percent), in favor of sales of variety and grain breads (+ 13.4 percent).

Sales of the three nonfoods departments (HBA, GM, and household supplies) grew faster than the store average of 6.1 percent.

Many categories profited from consumer health concerns. Fresh poultry and fish/seafood were once again direct beneficiaries of the decline in red meat sales. Almost all the "fresh food" categories increased sales.

Other products perceived as "healthy" fared well last year, such as yogurt (+ 6.8 percent), olive oil (+ 18.4 percent), bottled water (+ 19.3 percent), and items from the instore bakery (+ 8.7 percent).

One category that is somewhat peculiar is the cigarette category. Sales of non-filter cigarettes through grocery stores went down 6.2 percent, which would seem to be in keeping with health concerns. But sales of filter-tip cigarettes increased 8.3 percent, and had one of the largest dollar sales gains in the store.

Increases in other items indicate that many Americans are as interested in enjoyment as in health. Beer sales were up in 1989 (+ 7.0). So were packaged sweet baked goods (+ 6.8 percent), candy and chewing gum (+ 3.6 percent), snack items (+ 8.0 percent), soft drinks (+ 3.8 percent), sugar (+ 6.9 percent), table syrup (+ 12.6 percent), refrigerated puddings (+ 25.3 percent), and frozen pies (+ 14.1 percent).

A few of the "hot" items and fast movers of the last few years became 1989's biggest burnouts. Call them fad items, or just items that didn't live up to their initial introductory sales.

These former fads include alcohol coolers, which went through the roof a few years ago but started to decline in 1988; last year, they dropped 11.3 percent. Cereal bars also fell from grace (− 7.8 percent), as did reducing preparations (− 10.8 percent). Microwave cookware also tumbled (− 20.8 percent), as the former high-growth category probably reached its saturation point, as inevitably happens to all new "long-life" products.

A class of products that seems to ebb and flow under the changing whims of the consumer is the diet aids section. Reducing preparations declined last year after good growth the prior year. But metered-calorie meals skyrocketed up 135.6 percent, the highest increase of any category in the store. This was due to the introduction and promotion of several powdered meal substitutes. If the past has any lessons, it should be remembered that not too long ago, metered calorie meals were also among the highest growth categories, but were the fastest-declining category in the store the following year.

An example of a category increasing because its time has come may well be prescription drugs. In 1989, sales of prescription drugs in supermarket pharmacies rose 26.3 percent. This can be attributed to at least three reasons. There are about 4,300 instore pharmacies in operation in the nation's supermarkets, up by 1,300 from 1987. The price of the average prescription also rose last year by 7.8 percent. Finally, not only are there more pharmacies in supermarkets, but the individual pharmacies may be filling more prescriptions now than a year or two ago.

How the departments fared

If anyone tells you that supermarkets don't have the image of fresh foods, don't believe them. Perishables still control the store. Almost half (47.8 percent) of the sales of supermarkets come from the perishables departments.

Perishables did lose some of their grip, though. In 1988, they accounted for 48.3 percent of supermarket sales. The drop is explained by the growing influence in the nonfoods departments, especially HBA. Dry-grocery foods stayed the same in terms of share of supermarket sales.

HBA, prescriptions gain

HBA, including prescriptions, now accounts for 5.17 percent of supermarket sales, compared with the 4.75 percent share it held in 1988. The reason for this increase is the 8.9 percent jump in dollar sales that department saw last year.

A strange thing happened in the supermarket. Sales of the three nonfoods departments grew faster than the store average of 6.1 percent. In addition to HBA's 8.9 percent dollar sales growth, household supplies grew at a rate of 6.4 percent, while general merchandise grew at 7.4 percent.

In contrast, the food side of the store grew at an average rate of 5.7 percent, with dry-grocery foods rising 5.9 percent, and perishables gaining only 5.6 percent. It should be remembered that the slower movement of the foods section is due, in part, to its much higher volume. Food, at $191.6 billion accounts for 74.8 percent of total supermarket sales. It takes huge amounts of extra sales dollars to raise that kind of volume up even a few tenths of a percent.

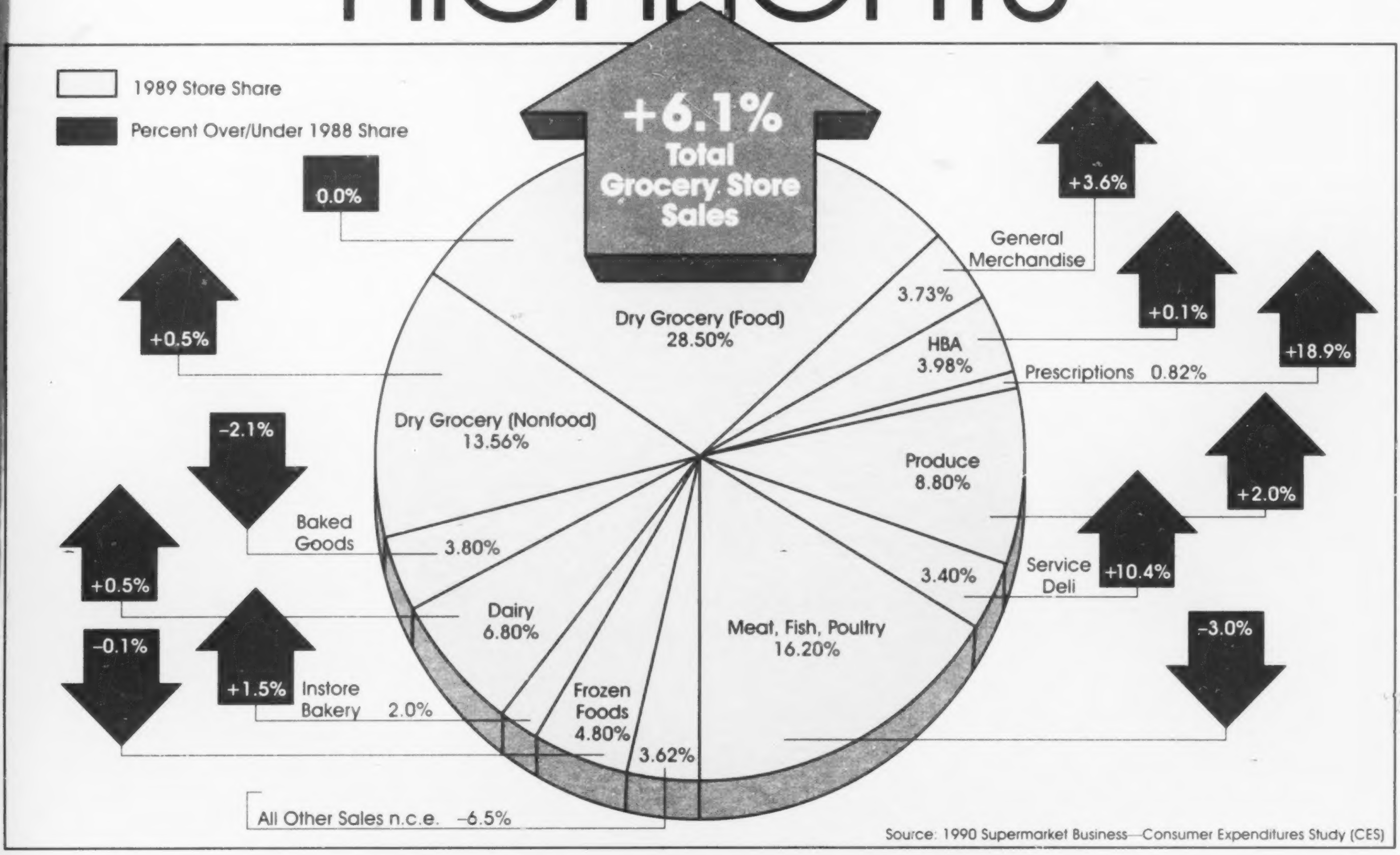
One food department that did beat the store growth average is the dairy department. Dairy grew at a rate of 10.6 percent in 1989, to a level of $22.5 billion and accounts for 6.8 percent of store sales. Baby foods also had another strong year in 1989, with increased sales of 10.6 percent.

One food department that always seems to do well is the breakfast foods section. Sales last year increased 12.9 percent, due mostly to the ever-present sales increases (14.4 percent)in ready-to-eat cereals. Hot cereals also increased, by 12.3 percent.

Weather, changing consumer needs, societal whims, insects, allowances, prices all these factors had broad-reaching effects on the grocery business last year. The industry is both haunted and blessed by the specter of all these external influences — haunted in that it can be affected unpredictably by any combination of these, but at the same time blessed by the fact that the industry is so big,and so crucial to the lives of the consumer, that no single set of factors is big enough to collapse it.

The interesting part comes in trying to figure out what set of factors will be trying to drive the industry next, and how to prepare for them. ■

HIGHLIGHTS



Source: 1990 Supermarket Business—Consumer Expenditures Study (CES)

In 1989 most supermarket departments did not substantially increase or decrease their share of store sales relative to those of other departments. The biggest exception to this was in the fresh and cured meat, fish and poultry department, which lost about 3 percent of its previous sales share, and currently has 16.2% of sales.

Much of this department's loss can be placed on the decline in the sales of fresh beef, which pulled down the whole department, despite sales gains of poultry, fish and packaged cured meats. Baked goods also experienced a loss of sales share last year, falling 2.1 percent.

The largest gains in share of store sales were in the pharmacy (+18.9%) and the service deli (+10.4%). General merchandise was the only other part of the store that had substantial gains in share of sales (+3.6%). The rest of the store's major departments either stayed at exactly the same share of sales as last year, or had very slight shifts from their 1988 levels.

WEEKLY SPENDING IN GROCERY STORES $68.25 PER HOUSEHOLD, $25.48 PER CAPITA

	1989		1988	
POPULATION	**248.8 million**		**246.0 million**	
HOUSEHOLD	**92.9 million**		**91.1 million**	
	ANNUAL	**WEEK**	**ANNUAL**	**WEEK**
PERISHABLES				
Per Capita	$605.58	$11.65	$581.22	$11.17
Per Household	$1,621.83	$31.19	$1,571.23	$30.21
DRY GROCERY (FOOD)				
Per Capita	$377.66	$7.26	$353.79	$6.80
Per Household	$1,011.42	$19.45	$956.40	$18.39
TOTAL FOODS				
Per Capita	$983.24	$18.90	$935.01	$17.89
Per Household	$3,644.67	$50.64	$2,527.63	$48.60
DRY GROCERY (NONFOOD)				
Per Capita	$179.69	$3.46	$164.26	$3.15
Per Household	$481.23	$9.26	$444.04	$8.53
GENERAL MERCHANDISING/HBA				
Per Capita	$113.03	$2.17	$101.08	$1.94
Per Household	$302.72	$5.82	$273.25	$5.25
GRAND TOTAL*				
Per Capita	$1,325.11	$25.48	$1,263.54	$24.39
Per Household	$3,548.85	$68.25	$3,415.72	$65.68

NOTE: Population and houshold data are from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures are from 1990 C.E.S. *Total includes merchandise sales not classified above.

The average American household spends roughly $68.25 per week at the grocery store. This is an increase of just $2.57 per week over 1988's expenditures. Higher prices played an important role in this increase. During 1989 food prices in the supermarkets averaged about 6.5% higher than they did the year before.

Of the extra $2.57 spent by each household, $2.04 a week was spent on food. The biggest single increase last year was the extra $1.06 households spent on dry-grocery food items.

HIGHLIGHTS

The average American household spent 3.9 percent more in grocery stores each week in 1989 than they did in 1988. Last year's weekly expenditures were $68.25, which is $2.57 more than the previous year.

Food products received 79 percent of the increased weekly revenues. On a percentage basis, the largest money gainer was canned milk, which increased its average weekly intake by 42.3 percent. This may seem like a huge increase, but on average it amounts to about 3 cents a week per household.

On a larger scale, the service deli saw an average household expenditure increase of 27 cents a week in 1989, a gain of 13.4 percent. The largest monetary gain among the food categories belonged to beer, which increased its weekly share by 32 cents, to $3.30 (+10.7%).

Not all food items benefited from last year's increased spending. Fresh meat and provisions lost a significant 2.1% of it's share of the weekly food bill, dropping from its 1988 high of $8.59 to $8.41 in 1989.

HOW AN AVERAGE HOUSEHOLD DOLES OUT ITS DOLLARS IN GROCERY STORES EACH WEEK

	1989	1988	CHANGE
PERISHABLES			
Baked goods	$ 2.58	$ 2.55	+ 1.2%
Dairy	4.64	4.44	+ 4.5
Frozen foods	3.28	3.18	+ 3.2
Fresh meat and provisions	8.41	8.59	− 2.1
Fresh fish	.75	.73	+ 2.7
Fresh poultry	1.88	1.74	+ 2.2
Produce	6.00	5.67	+ 5.8
Instore bakery	1.36	1.29	+ 5.4
Instore deli	2.29	2.02	+ 13.4
Total	**$31.19**	**$30.21**	**+ 3.3%**
DRY GROCERY (FOOD)			
Beer	$ 3.30	$ 2.98	+ 10.7%
Wine, liquor, coolers	.59	.63	− 6.3
Baby food	.48	.45	+ 6.7
Breakfast foods	1.58	1.43	+ 10.5
Candy and chewing gum	.74	.73	+ 1.4
Canned foods			
Fruits	.36	.36	0.0
Juices and drinks	.87	.83	+ 4.8
Meat and poultry	.29	.31	− 6.4
Milk	.10	.07	+ 42.3
Seafood & fish	.42	.42	0.0
Soups	.40	.38	+ 5.3
Vegetables	.69	.65	+ 6.2
Prepared Drinks	1.53	1.56	− 1.9
Dried foods	.66	.61	+ 8.2
Jams, jellies and preserves	.45	.42	+ 7.2
Pasta	.27	.24	+ 12.5
Desserts	.12	.12	0.0
Soft drinks	2.14	2.10	+ 1.9
Sugar	.32	.30	+ 6.7
Miscellaneous	4.14	3.80	+ 9.0
Total	**$19.45**	**$18.39**	**+ 5.8%**
Total Foods	**$50.64**	**$48.60**	**+ 4.2%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.44	$ 2.30	+ 6.1%
Soaps, detergents	1.22	1.17	+ 4.3
Other household supplies	1.35	.88	+ 53.4
Pet foods	1.28	1.24	+ 3.3
Tobacco products	2.97	2.94	+ 1.0
Total	**$ 9.26**	**$ 8.53**	**+ 8.6%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.72	$ 2.60	+ 4.6%
Prescriptions	.56	.45	+ 24.5
Housewares	.26	.25	+ 4.0
All other general merchandise	2.28	1.95	+ 16.9
Total	**$ 5.82**	**$ 5.25**	**+ 10.9%**
All other sales n.c.e.	$ 2.53	$ 2.54	− 0.4%
GRAND TOTAL	**$68.25**	**$65.68**	**+ 3.9%**

Source: 1990 C.E.S.

Wine, liquors and coolers (-6.3%), canned meats and poultry (-6.4%) and prepared drinks (-1.9%) were also losers among the food categories.

All nonfoods categories gained in terms of how much money they brought in each week. The largest percentage gain in weekly spending belongs to the household supplies segment (other than detergents and paper products), which had an increase of 53.4 percent. This translated to a gain of 47 cents a week.

The other big gainers among the nonfoods sections were prescription drugs (+24.5%) and general merchandise (other than housewares) (+16.9%). In larger segments, GM/HBA combined gained 10.9 percent last year (or 57 cents), while the dry-grocery nonfood segment of the store gained 8.6% (73 cents).

HIGHLIGHTS

CATEGORIES THAT INCREASED IN SALES IN 1989

LARGEST PERCENTAGE INCREASES IN DOLLAR SALES

RANK	CATEGORY	1989 GROCERY STORE SALES (000)	% INCREASE	% OF STORE VOLUME
1	Metered Calorie Meals	151,955	135.6	0.04
2	Frozen Yogurt	202,987	53.6	0.07
3	Frozen Sandwiches	226,052	52.6	0.07
4	Personal Insect Repellants	38,887	41.3	0.01
5	Frozen Waffles	365,971	29.6	0.10
6	Home Pregnancy Tests	36,877	27.1	0.01
7	Incontinence Products	70,368	27.1	0.02
8	Prescription Drugs	2,693,707	26.3	0.82
9	Refrigerated Puddings	76,[illegible]79	25.3	0.03
10	Film Processing	406,432	25.0	0.12
11	Miscellaneous Frozen Prepared Foods	42,667	23.7	0.02
12	Pretzels	334,954	20.3	0.10
13	Window Cleaners	101,649	20.3	0.03
14	Miscellaneous Frozen Breakfast Items	218,130	20.3	0.10
15	Bottled Water	546,801	19.3	0.16
16	Diarrhea Remedies	103,828	19.1	0.03
17	Contact Lens Care Products	193,130	19.1	0.06
18	Olive Oil	157,378	18.4	0.05
19	Waveset Preparations	15,436	18.3	0.00
20	Sunglasses	146,662	18.3	0.04

LARGEST VOLUME INCREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES INCREASE (000)	% INCREASE	% OF STORE VOLUME
1	Service Deli	1,570,000	16.5	3.40
2	Filter Tip Cigarettes	1,047,414	8.3	4.14
3	Beer	1,034,534	7.0	4.83
4	Fresh Poultry	859,318	10.4	2.80
5	Cold Cereals	812,023	14.4	1.96
6	Prescription Drugs	560,922	26.3	0.82
7	Instore Bakery	530,000	8.7	2.00
8	Yogurt	449,099	6.8	0.70
9	Apples	343,648	11.8	1.00
10	Cookies, Crackers & Biscuits	317,601	6.8	1.50
11	Milk	307,584	4.9	2.00
12	Processed Cheese	244,750	12.3	0.70
13	Miscellaneous Fresh Fruits	243,496	5.3	1.50
14	Toilet Paper	229,185	9.2	0.82
15	Citrus Fruits	208,765	10.3	0.70

ast year saw new categories skyrocket into large sales gains. Of the 20 op growing categories, in terms of percentage increases in sales, only our were repeats from the previous year. These were incontinence products, frozen prepared foods, bottled water and olive oil. But while percentage increases are important, ultimately it's sales dollars that count. ight of the top 15 dollar gainers were the same as those in 1988.

CATEGORIES THAT DECREASED IN SALES IN 1989

LARGEST PERCENTAGE DECREASES IN DOLLAR SALES

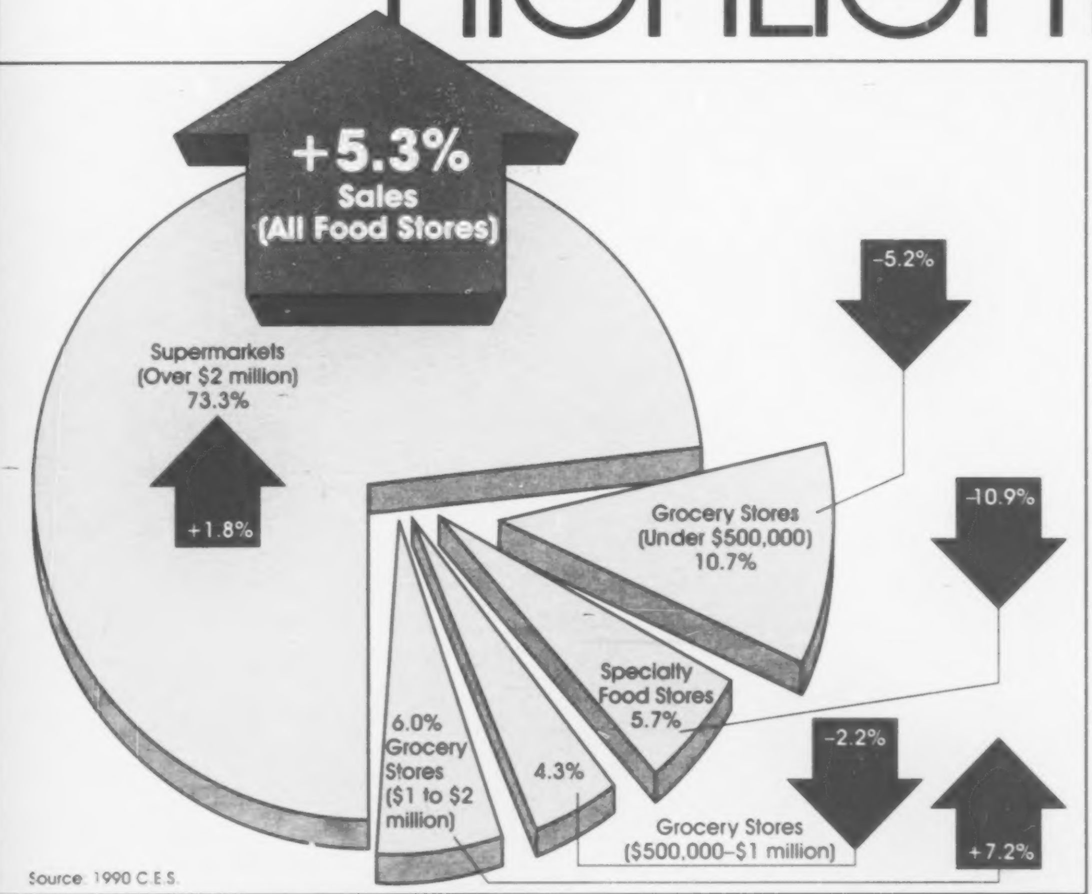
RANK	CATEGORY	1989 GROCERY STORE SALES (000)	% DECREASE	% OF STORE VOLUME
1	Flash Bulbs & Cubes	84,147	−22.2	0.02
2	Microwave Cookware	74,195	−20.8	0.02
3	Frosting & Icing Mixes	182,335	−20.3	0.05
4	Lard	35,184	−14.1	0.00
5	Antifreeze	91,987	−13.8	0.03
6	Alcohol Coolers	590,296	−11.3	0.18
7	Miscellaneous Dried Fruits	15,633	−11.3	0.00
8	Reducing Preparations	58,560	−10.8	0.02
9	Canned Corned Beef	62,856	−10.6	0.03
10	Semi-Moist Dog Food	148,229	−10.5	0.04
11	Bath Detergents	105,821	−9.9	0.03
12	Semi-Moist Cat Food	183,898	−9.7	0.05
13	Buffing Floor Wax	6,092	−8.7	0.00
14	Chocolate Covered Nuts	30,573	−8.4	0.01
15	Butter	789,325	−8.3	0.20
16	Refrigerated Apple Juice	66,085	−8.3	0.03
17	Canned Ham	244,523	−7.9	0.07
18	Cereal Bars	322,270	−7.8	0.10
19	Canned Grapefruit Juice	135,233	−7.0	0.04
20	Auto Polish	36,286	−6.2	0.01

LARGEST VOLUME DECREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES DECREASE (000)	% DECREASE	% OF STORE VOLUME
1	Beef	341,074	−1.6	6.40
2	Butter	101,103	−8.3	0.20
3	Alcohol Coolers	75,201	−11.3	0.18
4	Instant Coffee	68,910	−6.2	0.38
5	Frozen Orange Juice	47,427	−4.2	0.30
6	White Bread	46,508	−0.9	1.60
7	Frosting, Icing Mixes	46,442	−20.3	0.05
8	Veal	45,482	−7.9	0.20
9	Non-Filter Cigarettes	44,347	−6.0	0.21
10	Frozen Pizza	42,107	−4.0	0.30
11	Eggs	29,659	−1.8	0.50
12	Cereal Bars	27,264	−7.8	0.10
13	Canned Ham	20,974	−7.9	0.07
14	Wine	19,905	−1.0	0.60
15	Semi-Moist Cat Food	19,754	−9.7	0.05

Some of the biggest percentage and dollar volume losers of the year were predictable: Flash bulbs and cubes, lard, and semi-moist pet foods have been declining rapidly for a number of years. But others on the list, such as antifreeze, had been doing well until last year. The biggest money losers of last year are mostly new to the list. Beef alone lost more money in 1989 than the next five biggest losers put together.

HIGHLIGHTS



Source: 1990 C.E.S.

Supermarkets continue to control food sales, and now account for 73.3 percent of the total sales of all types of grocery and specialty food outlets. Superettes, or stores doing $1–$2 million a year, saw their share of the food expenditure pie increase by 7.2 percent; they now control 6.0 percent of sales. All the smaller stores lost some of their share of the market.

The industry lost about 3 percent of its stores during 1989. The total number of grocery stores shrank from 151,500 in 1988 to 147,000 in 1989. Most of the stores that closed were smaller stores, doing less than $500,000. a year in business. Chains strengthened their hold on the industry, and now control 80.1 percent of the business.

FOOD STORE SALES—BY STORE VOLUME

	SALES (000)		PERCENT OF VOLUME	
	1989	1988	1989	1988
SUPERMARKETS Over $2 million	$256,230,075	$238,932,471	73.3%	72.0%
SUPERETTES $1 million to $2 million	$ 20,941,341	$ 18,683,132	6.0	5.6
OTHER GROCERY STORES Under $1 million*	$ 52,516,584	$ 53,215,397	15.0	16.0
Total Grocery Stores	**$329,688,000**	**$310,831,000**	**94.3**	**93.6**
SPECIALTY FOOD STORES†	$ 19,874,000	$ 21,173,000	5.7	6.4
TOTAL FOOD STORES	**$349,562,000**	**$332,004,000**	**100.0%**	**100.0%**

*Includes convenience stores and other small grocery stores.
†Includes meat, seafood, fruit and vegetable markets, confectionary, bakery, deli and other food stores.

Source: 1990 C.E.S.

FOOD STORE SALES—BY AFFILIATION

	SALES (000)	PERCENT OF VOLUME
	1989	1989
INDEPENDENT GROCERY STORES	$49,782,888	14.2%
CHAIN GROCERY STORES*	$279,905,112	80.1
Total Grocery Stores	**$329,688,000**	**94.3**
SPECIALTY FOOD STORES	$ 19,874,000	5.7
TOTAL FOOD STORES	**$349,562,000**	**100.0%**

*Chains (11 or more stores)

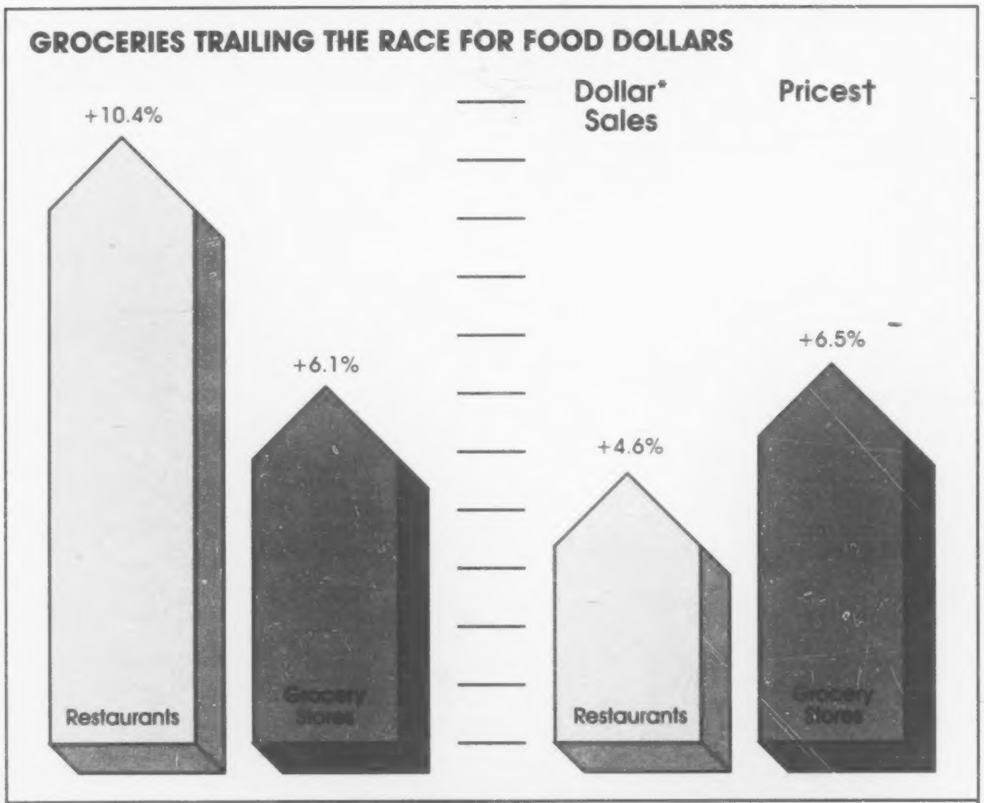
Source: 1990 C.E.S.

GROCERY STORE SALES TRENDS: 1989*

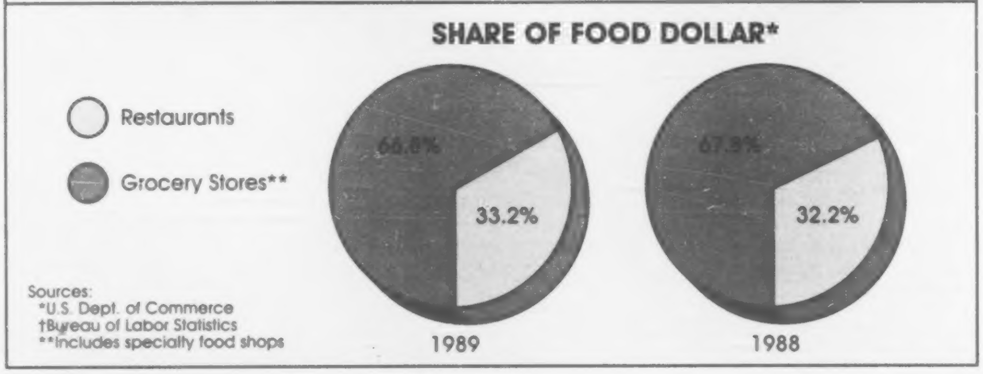
NUMBER OF GROCERY STORES	147,000
Sales (000)	$ 329,688,000
Sales Per Store	$ 2,242,776
U.S. Population	248,800,000
"People" Per Store	1,693
NUMBER OF GROCERY STORES	
Over $2,000,000	30,700
$1,000,000 - $2,000,000	11,300
$500,000 - $1,000,000	18,775
$500,000 or more	60,775
All Other	86,225
SALES (000)	
Over $2,000,000	$ 256,230,075
$1,000,000 - $2,000,000	$ 20,941,341
$500,000 - $1,000,000	$ 17,305,255
$500,000 or more	$ 294,476,671
All Other	$ 35,211,329
SALES PER STORE	
Over $2,000,000	$ 8,346,257
$1,000,000 - $2,000,000	$ 1,853,216
$500,000 - $1,000,000	$ 921,718
$500,000 or more	$ 11,121,191
All Other	$ 408,366
CHAINS (11 OR MORE STORES)	21,500
Total Sales (000)	$ 279,905,112
Sales Per Store	13,018,842
% of Total Sales	84.9%
ALL OTHER STORES	125,500
Total Sales (000)	$ 49,782,888
Sales Per Store	$ 396,676
% of Total Sales	15.1%

*Grocery Store Sales Reported By U.S. Department of Commerce

HIGHLIGHTS



GROCERIES TRAILING THE RACE FOR FOOD DOLLARS



SHARE OF FOOD DOLLAR*

Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics
**Includes specialty food shops

The battle for the American food dollar between the grocery and restaurant/foodservice industries has intensified over the past few years. 1989 was a very good year for restaurants, and conversely not so good for groceries. Restaurants experienced a 10.4% increase in sales, while grocery sales went up only 6.1%. More importantly prices in restaurants rose only 4.6% compared to the 6.5% rise in grocery prices. This means that restaurants grew 5.5% in net tonnage, while grocery stores lost 0.4%. The restaurant share of the food dollar increased to 33.2% in 1989 from 32.2% in 1988.

RANKING OF RETAIL SALES BY TRADE*

	1989 SALES (MILLION)	PERCENT OF TOTAL	CHANGE VS. 1988
ALL RETAIL STORES	**$1,718,766**	**100.0%**	**+6.6**
Building supply, Hardware Stores	93,059	5.4	+10.5
Eating & Drinking Establishments	173,716	10.1	+10.4
General Merchandise Group	201,881	11.8	+ 9.9
Apparel Group	90,960	5.3	+ 9.0
Gasoline Service Stations	115,445	6.7	+ 7.0
All Other Retail Stores	144,533	8.2	+ 6.6
Grocery Stores	**329,688**	**19.2**	**+ 6.1**
Motor Vehicle Dealers	378,317	22.0	+ 5.8
Liquor Stores	20,019	1.2	+ 4.3
Drug & Proprietary Stores	61,173	3.6	+ 2.0
Furnishings, Appliances	90,101	5.3	− 2.3
Specialty Food Stores	19,874	1.2	− 3.3

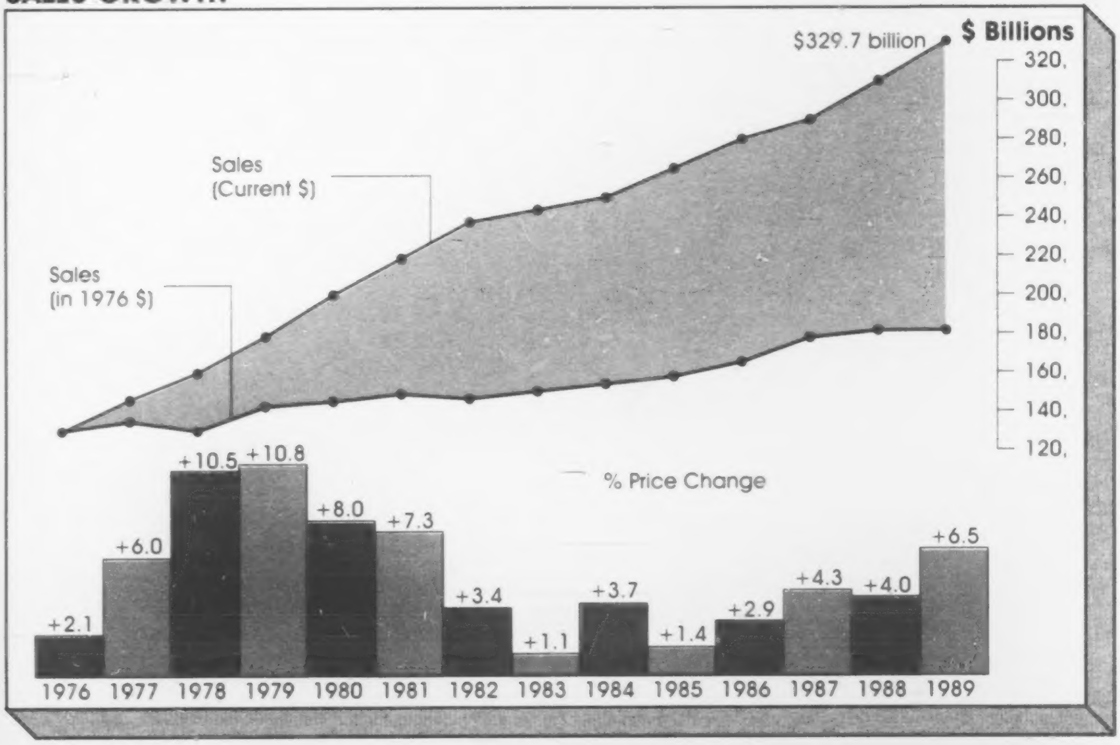
Source: U.S. Dept. of Commerce

Grocery stores, while still the nation's second-largest retail industry, with 19.2 percent of all retail sales, only grew at 6.1 percent in 1989. This was less than the growth rate of some other retail industries, such as archrival eating and drinking establishments (+10.1%).

The largest gain in retail dollars was in the building supply and hardware industry, which improved by 10.5%. General merchandise stores and apparel stores also topped the grocery growth level. Poorer growth was seen by drugstores, liquor stores and car dealers. Furniture and appliance stores, as well as specialty food stores, lost sales last year compared to 1988.

HIGHLIGHTS

SALES GROWTH



From a 1979 sales base of $129.2 billion, sales increased more than 255% to 329.7 billion in 1989. During the same 14-year period, prices rose 86.8%.

During most of this period, sales volume outpaced price hikes during individual years. Sales during 1989 weren't as fortunate, as they were more affected by prices than tonnage gains.

CHANGES IN CONSUMER PRICE INDEX 1989–88 FOR SUPERMARKET PRODUCTS*

	Percent Change 1989	Percent Change 1988
FOOD	**+ 5.8**	**+ 4.1**
Food away from home	+ 4.6	+ 4.1
Food at home	+ 6.5	+ 4.0
Food and beverages	+ 5.7	+ 4.1
CEREALS & BAKERY	**+ 8.4**	**+ 6.4**
Bread, white	+ 9.1	+ 7.1
Other bread	+ 8.2	+ 6.0
Cookies & cakes	+ 7.6	+ 5.1
Flour, prepared mixes	+ 8.6	+ 2.7
FRESH BEEF & VEAL	**+ 6.4**	**+ 5.5**
Sirloin steak	+ 5.0	+ 8.0
Ground beef	+ 5.0	+ 3.2
Chuck roast	+ 8.0	+ 4.3
PORK	**+ 0.6**	**− 3.0**
Chops	+ 3.3	− 1.3
Bacon	− 5.1	− 12.0
Sausage & other pork	+ 1.3	− 2.2
OTHER MEATS	**+2.8**	**+2.6**
Frankfurters	+ 3.0	+ 2.9
Bologna, liverwurst, salami	+ 3.4	+ 2.9
Lamb & other organ meats	+ 3.5	+ 4.3
POULTRY	**+ 9.9**	**+ 7.3**
Fresh whole chicken	+ 9.6	+ 10.3
Fresh & frozen chicken parts	+ 10.1	+ 7.7
Other poultry	+ 9.9	+ 0.4
FISH & SEAFOOD	**+ 4.5**	**+ 5.9**
Canned fish	+ 6.2	+ 12.4
Fresh & frozen fish and seafood	+ 4.0	+ 4.1
DAIRY PRODUCTS	**+ 6.6**	**+ 2.3**
Fresh whole milk	+ 7.8	+ 2.3
Butter	+ 0.1	− 0.4
Eggs	+ 26.6	+ 2.2
Cheese	+ 7.7	+ 2.9
Ice cream & related products	+ 4.9	+ 2.1
Other dairy products	+ 1.7	+ 3.0
FRESH FRUITS & VEGETABLES	**+ 8.5**	**+ 7.4**
Apples	+ 4.7	+ 2.8
Bananas	+ 10.2	+ 14.3
Oranges and Tangerines	+ 1.7	+ 6.4
Potatoes	+ 28.9	+ 3.0
Lettuce	+ 2.0	+ 8.5
Tomatoes	+ 10.6	+ 5.5
PROCESSED FRUITS	**+ 3.4**	**+ 10.3**
Frozen fruit & fruit juices	+ 3.2	+ 12.0
Other fruit juices & frozen fruit	+ 3.1	− 7.1
Canned & dried fruits	+ 3.6	+ 3.6
PROCESSED VEGETABLES	**+ 10.7**	**− 4.8**
Frozen vegetables	+ 8.4	+ 5.0
Cut corn & canned beans except lima	+ 13.3	+ 7.5
Other processed vegetables	+ 11.9	+ 4.5
SUGAR & SWEETS	**+ 4.7**	**+ 2.7**
Candy & chewing gum	+ 3.3	+ 2.8
Sugar & artificial sweeteners	+ 7.8	+ 3.1
Other sweets	+ 4.4	+ 3.2
FATS & OILS	**+7.2**	**− 4.7**
Margarine	+ 10.0	+ 7.4
Other fats, oils & salad dressings	+ 5.3	− 6.7
Nondairy substitutes & peanut butter	+ 5.6	+ 0.0
BEVERAGES	**+ 3.5**	**+ 0.0**
Carbonated drinks	+ 2.6	+ 0.2
Other noncarbonated drinks	+ 4.2	+ 2.0
Roasted coffee	+ 6.9	− 0.6
Freeze-dried instant coffee	+ 0.6	− 2.3
ALCOHOLIC BEVERAGES	**+ 4.1**	**+ 3.9**
Beer & ale	+ 3.3	+ 3.2
Distilled Spirits	+ 3.3	+ 1.5
Wine	+ 2.9	+ 2.0
OTHER PREPARED FOODS	**+ 6.4**	**+ 3.7**
Canned, packaged soup	+ 5.7	+ 4.0
Frozen prepared foods	+ 6.3	+ 3.8
Snacks	+ 6.1	+ 3.0
Seasonings, olives, pickles, relish	+ 6.5	+ 2.8
HOUSEKEEPING SUPPLIES	**+ 5.4**	**+ 2.9**
Soaps & detergents	+ 5.8	+ 2.7
Other laundry, cleaning products	+ 5.7	+ 2.8
Paper towels, napkins, tissues	+ 7.6	+ 3.8
TOBACCO PRODUCTS	**+ 12.2**	**+ 9.1**
Cigarettes	+ 12.2	+ 9.2
Tobacco & smoking products	+ 12.8	+ 9.1
HEALTH & BEAUTY AIDS	**+ 4.7**	**—**
Prescriptions	+ 8.7	+ 7.8
Hair products	+ 5.0	+ 2.5
Dental & shaving products	+ 4.2	+ 3.9
Cosmetic, bath & nail products, manicure & eye makeup implements	+ 3.8	+ 3.4
Other toilet goods	+ 4.7	+ 3.0
GENERAL MERCHANDISE	**—**	**—**
Newspapers	+ 4.4	+ 4.5
Magazines, books	+ 6.7	+ 3.6
Photo supplies	+ 4.6	+ 4.7
Motor oil, coolant & other products	+ 9.5	+ 3.5

*Source: Bureau of Labor Statistics. Consumer Price Index, January 1990

SUMMARY

	1989						1989 Supermarket Performance			
	1	2	3	4	5		6	7	8	9
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Gro. to Total	Percentage Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
					Total	Grocery				
PERISHABLES	$220,843,063	$150,818,436	45.74	68	4.7	5.6	$122,394,209	47.77	$30,843,341	25.2
Baked Goods	19,495,017	12,509,874	3.79	64	3.1	3.9	9,196,594	3.59	1,968,071	21.4
Instore Bakery	6,640,000	6,640,000	2.01	100	8.7	8.7	6,640,000	2.59	3,532,480	53.2
Dairy	40,262,991	22,485,971	6.82	56	6.4	10.6	15,895,760	6.20	3,401,693	21.4
Frozen Foods	21,381,562	15,906,778	4.82	74	4.9	4.9	13,805,826	5.39		
Fresh & Cured Meat, Fish & Poultry	78,528,514	53,113,797	16.20	68	1.9	2.0	42,500,416	16.58	9,392,592	22.1
Service Deli	11,130,000	11,130,000	3.37	100	16.5	16.5	11,130,000	4.34	4,808,160	43.2
Produce	43,404,979	29,032,016	8.80	67	7.9	8.4	23,225,613	9.06	8,012,836	34.5
DRY GROCERY (FOOD)	141,474,355	94,091,939	28.50	66	4.4	5.9	69,198,669	27.00	13,908,932	20.1
Baby Foods	2,683,085	2,343,311	0.70	87	10.3	10.6	1,691,587	0.66	1,133,363	6.7
Baking Needs	2,852,499	2,571,225	0.78	90	2.2	2.2	1,877,725	0.73	379,300	20.2
Beer, Wine & Liquor	39,458,355	18,756,523	5.69	47	1.2	5.3	12,702,782	4.96	2,286,501	18.0
Breakfast Foods	7,796,987	7,651,655	2.32	98	12.6	12.9	5,786,315	2.26	821,657	14.2
Candy & Chewing Gum	10,431,520	3,595,097	1.09	34	3.8	3.6	2,786,403	1.09	604,649	21.7
Canned Fish & Canned Seafood	2,300,446	2,049,709	0.62	93	3.6	3.7	1,570,849	0.61	208,923	13.3
Canned Fruit	2,010,013	1,741,370	0.53	86	3.1	3.3	1,264,201	0.49	285,709	22.6
Canned & Bottled Juices & Drinks	4,960,111	4,238,218	1.28	85	7.7	7.6	2,939,078	1.15	711,257	24.2
Canned Meat & Specialty Foods	1,830,881	1,412,575	0.43	77	-3.5	-3.2	996,703	0.39	232,232	23.3
Canned Milk	416,454	375,264	0.11	90	1.2	1.4	285,201	0.11	248,125	8.7
Canned Prepared Foods	2,104,079	1,960,765	0.59	93	8.8	9.0	1,549,004	0.60	382,604	24.7
Canned & Dry Soups	2,875,884	2,744,840	0.83	95	6.5	6.7	2,107,428	0.82	366,692	17.4
Canned Vegetables	3,750,397	3,323,429	1.01	88	8.6	8.8	2,578,736	1.00	549,271	21.3
Condiments, Dressings, Spreads, Relishes	7,908,916	6,366,358	1.93	80	6.1	6.2	4,945,142	1.93	1,078,041	21.8
Desserts	661,218	579,603	0.17	88	2.7	2.9	445,306	0.17	90,842	20.4
Dried Foods	3,895,562	3,161,888	0.96	81	9.6	9.3	2,356,845	0.92	511,435	21.7
Fats & Shortenings	1,903,887	1,581,407	0.48	83	3.4	4.2	1,210,969	0.47	213,130	17.6
Jams, Jellies, Preserves	2,683,755	2,179,713	0.66	81	8.0	8.3	1,498,490	0.58	274,224	18.3
Pasta	1,817,305	1,309,170	0.40	72	12.5	12.2	981,878	0.38	251,361	25.6
Prepared Drinks	9,360,528	7,394,147	2.24	79	0.0	-0.1	5,449,254	2.12	1,117,097	20.5
Snacks	9,368,718	6,064,964	1.84	65	8.5	8.0	3,883,432	1.51	1,001,925	25.8
Soft Drinks	17,531,406	10,331,071	3.13	59	3.9	3.8	8,537,094	3.33	1,733,030	20.3
Sweeteners, Flavors	2,872,349	2,359,637	0.71	82	7.8	7.6	1,754,247	0.68	259,628	14.8
TOTAL FOODS	$362,317,418	$244,910,375	74.30	67	4.6	5.7	$191,592,878	74.77	$46,940,255	24.5

HOW TO USE THESE CHARTS

1. This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $19,495,017,000.

2. This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $12,509,874,000.

3. This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.79% of the Total Grocery Store Sales come from the sale of Baked Goods.

4. This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 64% of the Total Sales of Baked Goods come from grocery sales.

5. These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 3.1% and Grocery Store Sales of Baked Goods rose 3.9%.

6. This column shows a breakout from column 2 of the amount of sales of a product line or category coming from supermarkets. Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermaket Sales of Baked Goods were $9,196,594,000 in 1989.

7. This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.59% of the Total Supermarket Sales come from the sale of Baked Goods.

8. This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $1,968,071,000 between the cost to supermarkets for Baked Goods and their retail sales in 1989.

9. This column takes the dollar margin from column 8 and expresses it as a percentage. Example: There was a difference of 21.4% between the cost of Baked Goods and their supermarket retail in 1989.

— Not available

ND — No data available

SUMMARY

	1989						1989 Supermarket Performance			
	1	2	3	4	5		6	7	8	9
	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Gro. to Total	Percentage Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
(add 000 to all dollar figures)					Total	Grocery				
DRY GROCERY (NONFOOD)	69,454,889	44,732,883	13.56	64	7.1	6.5	33,277,831	12.9	5,757,065	17.3
Home Canning Supplies	116,153	93,427	0.03	80	2.1	1.9	77,544	0.03	17,990	23.2
Laundry Supplies	1,757,757	1,623,675	0.49	92	4.3	4.5	1,176,023	0.46	156,411	13.3
Soaps & Detergents	6,357,355	5,813,194	1.76	91	4.7	5.0	4,446,220	1.73	622,471	14.0
Other Cleaners, Cleansers & Supplies	3,565,967	2,301,262	0.70	64	5.1	5.6	1,632,290	0.64	450,512	27.6
Paper, Plastic, Foil Products	15,338,567	11,795,029	3.58	77	8.6	7.5	8,990,685	3.51	1,402,547	15.6
Pesticides & Rodent Control	585,040	343,703	0.10	59	14.9	11.6	261,214	0.10	69,222	26.5
Waxes & Polishes	383,122	298,217	0.09	78	-1.4	-1.2	280,043	0.11	65,250	23.3
Other Household Supplies	2,830,482	1,323,812	0.40	46	3.2	1.6	741,290	0.29	243,884	32.9
Pet Foods	6,790,864	6,197,243	1.88	91	6.6	6.1	4,474,607	1.74	836,751	18.7
Tobacco Products	31,729,582	14,943,321	4.53	47	7.7	7.3	11,197,915	4.37	1,746,875	15.6
HEALTH & BEAUTY AIDS (NON-Rx)	36,539,397	13,119,295	3.98	34	6.4	5.9	10,563,552	4.12	2,767,651	26.2
Dieting Aids	555,129	308,023	0.09	55	18.9	39.2	169,413	0.06	40,998	24.2
Cosmetics	5,498,438	704,413	0.21	13	7.0	4.1	524,647	0.20	167,887	32.0
Family Planning	644,326	88,822	0.02	14	12.4	14.5	80,235	0.03	34,260	42.7
Feminine Hygiene Products	1,816,636	1,059,600	0.32	58	6.2	6.9	925,297	0.36	215,594	23.3
Hair Products	4,641,352	1,808,569	0.55	39	7.3	6.5	1,656,812	0.64	500,357	30.2
Health Aids	1,204,223	553,853	0.17	46	3.6	3.1	455,837	0.18	135,383	29.7
Nail Care Products	629,470	119,478	0.03	19	7.2	6.3	94,388	0.04	31,148	33.0
Oral Hygiene Products	2,826,131	1,540,262	0.47	54	4.4	3.8	1,335,693	0.52	235,082	17.6
Packaged Medications	8,899,583	3,165,791	0.96	35	5.8	8.6	2,597,645	1.01	615,642	23.7
Personal Cleanliness Products	208,472	48,188	0.01	23	-2.8	-2.1	42,915	0.01	11,029	25.7
Personal Deodorants, Antiperspirants	1,279,623	708,835	0.21	55	3.0	3.3	630,863	0.24	143,206	22.7
Shaving Products	1,983,475	662,060	0.20	33	6.6	4.7	525,178	0.20	151,776	28.9
Skin Care Products	2,181,910	539,210	0.16	25	12.2	9.6	428,256	0.17	110,062	25.7
Vitamins & Tonics	1,635,260	631,512	0.19	38	1.8	2.3	517,840	0.20	176,583	34.1
Other Health & Beauty Aids	2,535,369	1,180,679	0.36	46	5.7	6.2	578,533	0.22	153,311	26.5
PRESCRIPTIONS	25,810,200	2,693,707	0.82	10	10.3	26.3	2,693,707	1.05	—	—
GENERAL MERCHANDISE	ND	12,305,465	3.73	—	—	7.4	10,706,031	4.18	3,329,576	31.1
Audio & Video	10,314,847	990,221	0.30	9	8.0	11.3	604,035	0.23	228,929	37.9
Auto Supplies	2,235,066	363,578	0.11	16	2.3	-6.8	319,949	0.12	66,869	20.9
Electrical Appliances	ND	261,007	0.08	—	—	14.8	242,737	0.09	75,977	31.3
Flashlights & Batteries	3,400,141	606,734	0.18	18	7.9	3.1	539,993	0.21	213,837	39.6
Greeting Cards	4,661,834	608,959	0.18	13.0	5.0	8.9	590,690	0.23	297,117	50.3
Hardware	ND	260,325	0.08	—	—	6.1	252,515	0.10	91,410	36.2
Housewares	5,236,588	1,256,145	0.38	NC	5.8	4.7	1,865,539	0.73	792,854	42.5
Other Housewares	ND	667,091	0.20	—	—	6.4				
Periodicals	11,610,011	2,018,068	0.61	17	6.0	9.5	1,634,635	0.64	488,756	29.9
Other Merchandise	4,799,127	585,857	0.18	NC	10.6	10.1	451,156	0.17	197,155	43.7
Pet Accessories	1,676,609	444,548	0.13	26	3.1	1.9	431,212	0.17	163,429	37.9
Photo Supplies & Processing	9,337,241	1,362,526	0.41	14	9.4	14.7	1,253,524	0.49	292.071	23.3
Stationery	795,516	157,383	0.05	20	9.8	9.0	133,776	0.05	46,554	34 .8
Toys	13,988,878	297,728	0.09	2	3.6	4.0	238,182	0.09	94,082	39.5
Underwear & Hosiery	6,174,462	1,069,665	0.32	NC	3.8	4.2	837,300	0.33	294,730	35.2
Writing Implements	1,007,823	115,870	0.03	11	4.3	4.2	83,426	0.03	34,288	41.1
Other General Merchandise	ND	1,239,760	0.37	—	—	NC	1,227,362	0.48	375,573	30.6
TOTAL FOODS & NON-FOOD*	**ND**	**$317,758,845**	**96.38**	**—**	**—**	**6.0**	**$248,833,999**	**97.11**	**$58,794,547**	**23.7**
SALES NCE	**ND**	**$11,929,155**	**3.62**	**—**	**—**	**NC**	**$7,396,076**	**2.89**	**$1,375,670**	**18.6**
GRAND TOTAL*	ND	$329,688,000	100.00	—	—	6.1	$256,230,075	100.00	$60,170,217	23.5

— Not available ND — No data available NCE — Not classified elsewhere NC — Not comparable

* Supermarket margins based on totals excluding Prescriptions

PERISHABLES

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Baked Goods	$19,495,017	$12,509,874	3.79	64	3.1	3.9	$9,196,594	3.59	$1,968,071	21.4	$18,922,384	$12,042,070	3.88	64
Bread & Rolls[4]	10,430,409	6,526,573	1.98	63	0.2	1.4	4,894,930	1.91	1,008,355	20.6	10,417,336	6,439,299	2.08	62
Rolls, Bread Type	1,515,908	435,390	0.13	29	5.0	4.6					1,443,722	416,243	0.14	29
Variety Bread	1,968,076	970,121	0.29	49	13.0	13.4					1,942,819	855,486	0.28	44
White Bread	6,946,425	5,121,062	1.55	74	-1.2	-0.9					7,030,795	5,167,570	1.67	73
Crackers, Cookies, Biscuits	5,403,776	4,988,205	1.51	92	6.5	6.8	3,591,508	1.40	829,638	23.1	5,073,968	4,670,604	1.51	92
Bread & Cracker Crumbs	79,394	64,105	0.02	81	7.1	8.2	53,207	0.02	11,280	21.2	74,131	59,247	0.02	80
Croutons	48,528	32,307	0.01	67	10.6	11.3	28,430	0.01	6,055	21.3	43,877	29,027	0.01	66
Rice & Grain Cakes	143,709	79,556	0.02	55	7.1	7.8	46,938	0.02	9,810	20.9	134,182	73,800	0.03	55
Sweet Goods	3,389,201	819,128	0.25	24	6.7	6.4	581,581	0.22	129,692	22.3	3,178,890	770,093	0.25	24
Cakes & Pastries	2,286,105	493,565	0.15	22	6.3	5.4					2,150,616	468,278	0.16	22
Doughnuts	609,050	219,460	0.07	36	8.0	9.0					563,935	201,309	0.07	36
Pies	494,046	106,103	0.03	21	6.4	5.6					464,329	100,476	0.04	22
Instore Bakery	6,640,000	6,640,000	2.01	100	8.7	8.7	6,640,000	2.59	3,532,480	53.2	6,110,000	6,110,000	1.97	100
Dairy	40,262,991	22,485,971	6.82	56	6.4	10.6	15,895,760	6.20	3,401,693	21.4	37,863,453*	20,340,780*	6.77	54
Cheese	7,210,936	5,279,961	1.60	73	8.7	8.9	4,228,901	1.65	1,099,514	26.0	6,634,028	4,851,669	1.57	73
Cottage & Pot Cheese	635,818	457,615	0.14	72	-4.4	-4.0	329,483	0.13	52,058	15.8	665,082	476,682	0.16	72
Cream Cheese	688,779	510,659	0.15	74	5.9	6.1	408,527	0.16	80,071	19.6	650,405	481,300	0.16	74
Natural Cheese[5]	3,569,009	2,077,098	0.63	58	9.4	9.1	1,703,220	0.66	456,463	26.8	3,262,348	1,903,848	0.62	58
Processed Cheese[6]	2,317,330	2,234,589	0.68	96	12.7	12.3	1,787,671	0.70	495,185	27.7	2,056,193	1,989,839	0.65	97
Eggs	5,037,061	1,618,067	0.49	32	-1.5	-1.8	1,019,382	0.40	181,450	17.8	5,113,768	1,647,726	0.54	32
Milk & Milk Products	19,131,866	7,668,496	2.32	40	1.5	3.3	4,945,480	1.93	756,658	15.3	18,852,764	7,428,484	2.39	39
Butter	1,526,674	789,325	0.24	52	-9.1	-8.3	623,567	0.24	120,972	19.4	1,679,509	860,769	0.28	51
Fresh Cream	411,987	228,261	0.07	55	1.5	1.0	173,479	0.07	37,645	21.7	405,899	226,001	0.08	56
Fresh Milk	17,121,909	6,584,816	2.00	38	2.6	4.9					16,697,663	6,277,232	2.02	36
Home Consumption	*10,974,018*	*6,584,816*	*2.00*	*60*	*4.7*	*4.9*	*4,148,434*	*1.62*	*589,078*	*14.2*	*10,481,393*	*6,277,232*	*2.02*	*60*
Other Milk	*6,147,891*	—	—	—	*-1.1*	—					*6,216,270*	—	—	—
Refrigerated Toppings	71,296	66,094	0.03	93	2.3	2.5	52,875	0.02	11,315	21.4	69,693	64,482	0.03	93
Yogurt	2,606,634	2,222,622	0.67	85	7.2	6.8	1,578,062	0.61	400,828	25.4	2,431,562	20,811,107	0.67	86
Margarine	2,177,214	1,848,609	0.56	85	12.1	12.6	1,349,485	0.52	302,285	22.4	1,942,207	1,641,749	0.53	84
Refrigerated Juices/Drinks	2,726,232	2,646,669	0.80	97	9.9	10.2	1,826,202	0.71	443,767	24.3	2,482,287	2,402,367	0.78	97
Apple Juice	68,059	66,085	0.03	97	-9.4	-8.3					75,121	72,067	0.03	96
Grapefruit Juice	160,107	149,750	0.05	93	-0.8	-0.3					161,399	150,201	0.05	93
Orange Flavored Drinks	147,905	139,411	0.05	94	8.5	8.2					136,318	128,846	0.05	94
Orange Juice	2,261,533	2,205,616	0.67	97	11.6	11.9					2,026,464	1,971,060	0.64	97
Other Fruit Juices & Drinks	88,629	85,807	0.04	97	6.8	7.0					82,985	80,193	0.03	97
Refrigerated Mexican Foods	166,668	150,001	0.04	90	7.6	7.8	120,000	0.04	26,520	22.1	154,896	139,147	0.05	90
Refrigerated Dough Products	796,211	765,803	0.23	96	8.9	9.1	597,326	0.23	170,238	28.5	731,140	701,928	0.23	96
Refrigerated Dips	93,784	83,630	0.02	89	3.1	3.0	66,904	0.02	14,384	21.5	90,964	81,194	0.03	89
Refrigerated Puddings	86,651	76,979	0.01	89	26.1	25.3	61,583	0.02	13,179	21.4	68,716	61,436	0.02	89
Refrigerated Fish Appetizers	32,525	30,106	0.03	93	4.0	3.6	24,085	0.01	7,298	30.3	31,274	29,060	0.01	93
Refrigerated Pickles/Relishes	180,863	81,254	0.02	45	6.4	5.6	65,816	0.02	20,798	31.6	169,984	76,945	0.03	45
Refrigerated Salads	16,346	13,774	0.00	84	10.2	9.9	12,534	0.00	4,199	33.5	14,833	12,532	0.01	84
Frozen Foods	21,381,562	15,906,778	4.82	74	4.9	4.9	13,805,826	5.39			20,393,589*	15,167,001*	4.84	75
Frozen Baked Goods	1,442,044	1,322,695	0.40	92	5.4	5.7	1,149,178	0.45	302,234	26.3	1,368,565	1,251,880	0.41	91
Frozen Bagels	189,626	184,363	0.06	97	8.9	9.3	158,552	0.06	44,553	28.1	174,129	168,676	0.06	97
Frozen Breads & Rolls	411,337	370,219	0.11	90	3.2	3.9	314,686	0.12	88,112	28.0	398,582	356,322	0.12	89

WHAT THE NUMBERS MEAN

[1] All consumption—all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity which are used commercially as an ingredient in another product.

[2] Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionery stores, fruit and vegetable markets, egg dealers, drug stores, and mass merchandisers.

[3] Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1988 are based solely on the item categories which were reported in both the 1988 and 1989 studies.

[4] Includes bagels, onion rolls, etc.

[5] Includes cheddar, colby, brick, foreign types.

[6] Includes cheese food and cheese spreads.

— Not applicable

* Represents a revision of the 1988 figures, due to the inclusion of new items within the categories.

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Frozen Cakes & Pastries	431,182	401,636	0.12	93	-1.1	-1.0	353,440	0.14	89,420	25.3	435,978	405,693	0.14	93
Frozen Pies	409,899	366,477	0.11	89	13.9	14.1	322,500	0.12	81,915	25.4	359,876	321,189	0.11	89
Frozen Breakfast Entrees	700,984	671,875	0.20	96	22.8	23.0	631,563	0.24	153,470	24.3	571,217	546,279	0.18	96
French Toast Pancakes	91,469	87,774	0.03	96	6.1	6.3					86,210	82,572	0.03	96
Waffles	385,059	365,971	0.11	95	29.3	29.6					297,803	282,385	0.10	95
Other Breakfast	224,456	218,130	0.07	97	19.9	20.3					187,204	181,322	0.06	97
Ice Cream & Yogurt	5,698,288	2,059,201	0.62	36	5.4	5.6	1,379,664	0.54	264,895	19.2	5,409,740*	1,950,188*	0.59	36
Bulk Ice Cream	792,070	—	—	—	3.4	—					766,025	—	—	—
Packaged Ice Cream	2,789,712	1,856,214	0.56	66	2.4	2.1	—				2,724,328	1,818,035	0.59	42
Specialty Ice Cream	1,633,205				1.8						1,604,327			
Frozen Yogurt[8]	483,301	202,987	0.06	42	53.4	53.6					315,060	132,153	0.05	42
Frozen Coffee Creamer	50,553	46,485	0.01	92	5.0	5.3	33,934	0.01	9,434	27.8	48,146	44,145	0.02	92
Frozen Toppings	201,591	189,377	0.06	94	5.2	5.6	162,864	0.06	39,902	24.5	191,626	179,334	0.06	94
Frozen Meat, Fish, Poultry	3,760,465	3,193,635	0.97	85	3.6	4.1	2,842,789	1.11	759,025	26.7	3,631,293	3,068,759	0.99	84
Fish & Other Seafood	940,129	704,490	0.21	75	-2.1	-1.7	619,382	0.24	180,859	29.2	960,476	716,917	0.24	75
Frozen Fish Sticks	*109,086*	*87,259*	*0.03*	*80*	*3.4*	*3.9*	*78,533*	*0.03*	*20,261*	*25.8*	*105,499*	*83,984*	*0.03*	*80*
Frozen Shrimp	*311,013*	*231,471*	*0.07*	*74*	*0.0*	*-0.2*	*201,380*	*0.08*	*54,171*	*26.9*	*311,013*	*231,935*	*0.08*	*74*
Other Frozen Fish Seafood	*520,030*	*385,760*	*0.10*	*74*	*-4.4*	*-3.8*	*339,469*	*0.13*	*106,932*	*31.5*	*543,964*	*400,998*	*0.13*	*74*
Frozen Meat	414,355	201,704	0.06	49	1.7	1.9	187,585	0.07	52,524	28.0	407,429	197,943	0.07	48
Frozen Poultry	2,405,981	2,287,441	0.69	95	6.3	6.2	2,035,822	0.79	531,349	26.1	2,263,388	2,153,899	0.70	95
Frozen Prepared Foods	4,453,390	4,335,296	1.31	97	5.5	5.0	3,620,035	1.41	821,748	22.7	4,222,282	4,129,296	1.33	98
Frozen Dinners Entrees	1,991,754	1,984,135	0.60	99	4.6	4.3	1,746,039	0.68	382,382	21.9	1,904,163	1,902,335	0.62	99
Frozen Meat Pies	263,600	247,442	0.07	94	9.7	10.3	232,595	0.09	55,590	23.9	240,292	224,335	0.08	93
Frozen Pizza	1,016,148	1,010,572	0.30	99	-4.0	-4.0	889,303	0.35	203,650	22.9	1,058,487	1,052,679	0.34	99
Frozen Poultry Pies	269,132	252,271	0.08	94	10.9	11.3	See	Meat	Pies		242,680	226,659	0.08	93
Frozen Oriental	146,929	144,814	0.04	99	1.6	1.7	128,884	0.05	34,154	26.5	144,615	142,393	0.05	98
Frozen Mexican	436,544	427,343	0.13	98	7.2	7.3	388,882	0.15	92165	23.7	407,224	398,269	0.13	98
Frozen Sandwiches	285,386	226,052	0.07	79	50.8	52.6	196,665	0.07	50,543	25.7	189,248	148,134	0.05	78
Other Frozen Prepared Foods	43,897	42,667	0.02	97	23.4	23.7	37,667	0.01	10,132	26.9	35,573	34,492	0.02	97
Frozen Fruits[9]	138,275	129,349	0.04	93	4.9	4.9	112,534	0.04	31,847	28.3	131,909	123,318	0.04	93
Blueberries	18,688	17,069	0.00	91	8.1	8.2					17,288	15,775	0.01	91
Raspberries	22,034	20,517	0.01	93	10.8	10.9					19,886	18,500	0.01	33
Strawberries	58,281	55,554	0.02	95	2.1	2.2					57,082	54,358	0.02	95
Other Frozen Fruits	39,272	36,209	0.01	92	4.3	4.4					37,653	34,683	0.02	92
Frozen Fruit Juice Concentrates	1,494,335	1,370,345	0.41	92	-3.3	-3.2	1,565,147	0.61	355,288	22.7	1,545,573	1,415,677	0.46	92
Apple Juice	130,529	120,599	0.04	92	-4.0	-3.9					135,968	125,493	0.05	92
Grape Juice	113,064	103,298	0.03	91	4.5	4.6	See	Other			108,195	98,755	0.04	91
Grapefruit Juice	19,246	16,744	0.00	87	-2.2	-2.3					19,679	17,138	0.01	87
Orange Juice	1,182,148	1,081,779	0.33	91	-4.3	-4.2	1,016,872	0.39	230,830	22.7	1,235,264	1,129,206	0.37	91
Other Fruit Concentrates	49,348	47,925	0.01	97	6.2	6.3	259,709	0.10	59,733	23.0	46,467	45,085	0.02	97
Frozen Fruit Drinks	146,858	135,699	0.04	92	-0.5	-0.5	118,058	0.04	32,348	27.4	147,735	136,476	0.05	92
Lemonade Bases	55,672	51,729	0.01	93	-3.1	-3.1					57,453	53,384	0.02	93
Regular Orange	13,645	12,324	0.00	90	1.9	1.9					13,391	12,094	0.01	90
Synthetic Orange	28,280	25,581	0.01	90	-2.7	-2.8					29,065	26,318	0.01	90
Other Fruit Drinks	49,261	46,065	0.01	93	3.0	3.1					47,826	44,680	0.02	93
Frozen Vegetables	3,294,779	2,452,821	0.74	74	5.5	5.7	2,190,060	0.85	575,986	26.3	3,125,503	2,321,649	0.75	74
Asparagus	68,516	47,890	0.01	70	1.7	1.8					67,371	47,053	0.02	70
Broccoli	156,506	110,720	0.03	71	3.1	3.3					151,800	107,183	0.04	71
Cauliflower	31,823	22,582	0.01	71	-4.5	-4.3					33,322	23,597	0.01	71
Corn	208,591	144,875	0.04	69	-2.0	-1.6					212,848	147,231	0.05	69
French Fried Potatoes	973,449	790,702	0.24	81	5.4	5.6	664,190	0.26	175,346	26.4	923,576	748,771	0.25	81
Green Beans	112,456	83,178	0.02	74	9.8	10.1					102,419	75,548	0.03	74
Green Peas	189,891	134,440	0.04	71	13.3	13.6					167,600	118,345	0.04	71
Lima Beans	56,474	37,143	0.01	66	-3.9	-3.8					58,766	38,610	0.02	66
Onion Products	56,745	40,327	0.01	71	6.0	6.2					53,533	37,973	0.02	71
Other Potato Products	112,573	81,983	0.02	73	6.3	6.6	72,145	0.03	19,623	27.2	105,901	76,907	0.03	73
Spinach	85,100	60,519	0.02	71	8.2	8.3					78,651	55,881	0.02	71
Vegetable Combinations & Sauces	895,447	651,503	0.20	73	4.6	4.8					856,068	621,663	0.21	73
Other Frozen Vegetables	347,208	246,959	0.07	71	10.7	10.8	1,453,725	0.57	380,876	26.2	313,648	222,887	0.08	71
Fresh & Cured Meat, Fish & Poultry	78,528,514	53,113,797	16.20	68	1.9	2.0	42,500,416	16.58	9,392,592	22.1	77,097,529	52,113,797	16.70	67
Fresh Fish & Other Seafood	4,164,395	3,629,602	1.10	87	4.6	4.7	2,903,682	1.13	871,105	30.6	3,981,257	3,466,669	1.12	87
Fresh Meat	43,125,136	26,807,334	8.13	62	-1.0	-0.9	21,445,867	8.37	4,567,970	21.3	43,586,518	27,074,087	8.72	62
Beef	34,630,173	20,976,046	6.36	61	-1.5	-1.6	16,780,837	6.55			35,157,536	21,317,120	6.86	61
Lamb	1,321,167	1,175,114	0.36	89	7.4	7.6	940,091	0.36			1,230,137	1,092,113	0.36	89

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.

[8] Packaged products only, excludes soft-serve frozen yogurt.

[9] Consumer size packages for home use.

— Not applicable

* Represents a revision of the 1988 figures, due to the inclusion of new items within the categories.

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[3] to Total	Percentage[3] Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[3] to Total
					Total[1]	Grocery[2]								
Pork	6,330,876	4,125,939	1.25	65	0.8	0.9	3,300,751	1.29			6,280,631	4,089,137	1.32	65
Veal	842,920	530,235	0.16	63	-8.2	-7.9	424,188	0.16			918,214	575,717	0.19	63
Fresh Poultry	14,199,246	9,121,990	2.77	64	10.8	10.4	7,297,592	2.85	1,758,720	24.1	12,815,204	8,262,672	2.66	64
Packaged Meats	17,039,737	13,566,594	4.10	79	2.0	2.0	10,853,275	4.23	2,127,242	19.6	16,714,550	13,310,369	4.29	80
Cured Ham & Picnics	2,586,629	2,066,696	0.63	80	1.6	1.8					2,545,895	2,030,153	0.66	80
Frankfurters	2,159,038	1,680,795	0.50	78	0.4	0.4					2,150,436	1,674,099	0.54	78
Packaged Bacon	2,561,524	2,102,017	0.64	82	2.7	2.3					2,494,181	2,054,758	0.67	82
Packaged Cold Cuts	4,469,786	3,556,513	1.08	79	1.7	2.0					4,395,070	3,486,777	1.13	79
Sausages (uncooked)	1,550,645	1,217,071	0.37	78	3.6	3.0					1,496,762	1,181,622	0.39	79
Other Sausage Products	3,712,115	2,943,502	0.89	79	2.2	2.1					3,632,206	2,882,960	0.93	79
Service Deli	11,130,000	11,130,000	3.37	100	16.5	16.5	11,130,000	4.34	4,808,160	43.2	9,560,000	9,560,000	3.06	100
Produce	43,404,979	29,032,016	8.80	67	7.9	8.4	23,225,613	9.06	8,012,836	34.5	40,233,486	26,801,587	8.63	67
Fresh Vegetables	27,537,553	16,557,205	5.02	60	7.9	8.0					25,527,284	15,338,455	4.94	60
Carrots	627,348	447,214	0.13	71	14.7	15.6					546,947	386,863	0.13	71
Celery	840,588	551,203	0.17	65	8.4	8.5					775,450	508,021	0.17	65
Corn	655,283	366,765	0.11	56	6.3	6.7					616,447	343,735	0.12	56
Lettuce	2,826,037	1,851,983	0.56	65	-0.9	-0.8					2,851,701	1,866,918	0.61	65
Mushrooms	674,330	467,950	0.14	69	5.0	6.3					642,219	440,216	0.15	68
Onions	1,220,884	703,825	0.21	57	12.6	13.1					1,084,266	622,303	0.21	57
Potatoes	3,250,389	1,972,823	0.60	61	11.3	11.8					2,920,385	1,764,600	0.57	60
Tomatoes	3,122,453	1,831,202	0.55	58	10.8	11.2					2,818,098	1,646,764	0.53	58
Other Fresh Vegetables	14,320,241	8,364,240	2.54	58	7.9	7.8					13,271,771	7,759,035	2.50	58
Fresh Fruits	14,710,187	12,142,497	3.68	82	8.0	8.8					13,627,955	11,162,498	3.60	82
Apples	3,608,148	3,255,919	0.99	90	11.2	11.8					3,244,737	2,912,271	0.94	90
Bananas	2,237,746	1,813,138	0.55	81	10.8	11.3					2,019,626	1,629,028	0.53	81
Citrus Fruits	2,672,079	2,235,717	0.68	84	9.6	10.3					2,438,028	2,026,942	0.66	83
Other Fresh Fruits	6,192,214	4,837,753	1.47	78	4.5	5.3					5,925,564	4,594,257	1.48	77
Floral	815,058	120,540	0.04	15	6.8	15.7					763,163	104,183	0.04	14
Wild Bird Seed[10]	342,181	211,774	0.06	62	8.6	7.8					315,084	196,451	0.07	62
Total Perishables	$220,843,063	$150,818,436	45.74	68	4.7	5.6	$122,394,209	47.77	$30,843,341	25.2	$211,035,411*	$142,949,799*	45.90	68

DRY GROCERY—FOOD

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[3] to Total	Percentage[3] Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[3] to Total
					Total[1]	Grocery[2]								
Baby Foods	$2,683,085	$2,343,311	0.70	87	10.3	10.6	$1,691,587	0.66	$1,133,363	6.7	$2,433,338	$2,119,016	0.69	87
Desserts	82,724	68,689	0.02	83	7.4	7.2	48,769	0.02	35,114	7.2	77,024	64,076	0.03	83
Fruits & Juices	452,764	412,427	0.12	91	9.0	9.1	292,823	0.11	243,043	8.3	415,380	378,027	0.13	91
Meat & Combinations	318,137	275,550	0.08	86	6.1	6.8	195,641	0.07	166,295	8.5	299,846	258,006	0.09	86
Vegetables	140,407	119,809	0.03	85	11.9	12.2	85,064	0.03	80,811	9.5	125,475	106,782	0.04	85
Infant Cereals	87,808	75,013	0.02	87	17.4	17.5	53,259	0.02	5,645	10.6	74,974	63,841	0.03	85
Infant Formulas	1,601,245	1,391,823	0.42	87	11.2	11.5	1,016,031	0.39	528,336	5.2	1,440,639	1,248,284	0.41	87
Hypoallergenic Formulas	*397,469*	*346,178*	*0.10*	*87*	*7.8*	*8.3*					*368,710*	*319,647*	*0.11*	*87*
Routine Formulas	*1,203,776*	*1,045,645*	*0.32*	*87*	*12.3*	*12.6*					*1,071,929*	*928,637*	*0.33*	*87*
Baking Needs	2,852,499	2,571,225	0.78	90	2.2	2.2	1,877,725	0.73	379,300	20.2	2,793,518	2,520,736	0.82	90
Baking Chocolate & Bits	392,273	374,108	0.11	95	3.4	3.4	273,099	0.10	57,078	20.9	379,374	361,807	0.12	95
Baking Powder	23,244	20,905	0.01	90	5.9	5.8	15,261	0.00	2,945	19.3	21,949	19,759	0.01	90
Baking Soda	16,097	13,373	0.01	83	6.2	6.3	9,762	0.00	2,196	22.5	15,157	12,580	0.01	83
Yeast	51,825	49,332	0.01	95	4.9	5.0	36,506	0.01	6,900	18.9	49,404	46,983	0.02	95
Baking Nuts	350,671	278,650	0.08	79	0.1	0.3	203,415	0.08	59,194	29.1	350,321	278,091	0.09	79
Shelled Walnuts	*236,203*	*186,883*	*0.05*	*79*	*0.1*	*0.3*					*235,967*	*186,324*	*0.06*	*79*
Other Baking Nuts	*114,468*	*91,767*	*0.03*	*80*	*0.1*	*0.0*					*114,354*	*91,767*	*0.03*	*80*
Flour	2,018,389	1,834,857	0.55	91	1.9	1.9	1,339,682	0.52	254,539	19.0	1,977,313	1,801,516	0.58	91
Cake Flour	*12,962*	*11,785*	*0.01*	*91*	*14.0*	*14.2*	*8,839*	*0.00*	*13,148*	*14.8*	*11,370*	*10,320*	*0.01*	*91*
Corn Meal	*163,369*	*136,835*	*0.04*	*84*	*12.6*	*13.1*	*99,890*	*0.04*	*21,626*	*21.7*	*145,088*	*120,986*	*0.04*	*83*
Family Flour	*582,064*	*484,627*	*0.14*	*83*	*11.1*	*11.4*	*353,778*	*0.14*	*48,467*	*13.7*	*524,382*	*435,033*	*0.14*	*83*
Pancake/Waffle Mix	*156,648*	*145,940*	*0.04*	*93*	*12.6*	*12.8*	*106,536*	*0.04*	*21,627*	*20.3*	*139,119*	*129,379*	*0.05*	*93*

---

[10] Includes packages bulk, and bells.

* Represents a revision of the 1988 figures, due to the inclusion of new items within the categories.

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	
Prepared Mixes	*1,103,346*	*1,055,670*	*0.32*	*96*	*-4.6*	*-4.5*	*770,639*	*0.30*	*14,552*	*20.6*	*1,157,354*	*1,105,798*	*0.36*	*95*
Cake Mixes	503,878	485,192	0.15	96	-4.1	-3.9					525,420	504,882	0.17	96
Frostings, Icings, Fudge	191,613	182,335	0.05	95	-20.4	-20.3					240,720	228,777	0.08	95
Pie Crust Mixes	66,361	63,946	0.02	96	3.8	3.9					63,932	61,546	0.02	96
Pizza Pie Mixes	93,109	89,806	0.03	96	3.4	3.3					90,047	86,937	0.03	96
Other Prepared Mixes	248,385	234,391	0.07	94	4.7	4.8					237,235	223,656	0.08	94
Beer, Wine & Liquor	39,458,355	18,756,523	5.69	47	1.2	5.3	12,702,782	4.96	2,286,501	18.0	39,001,797	17,820,744	5.74	46
Beer For Home Consumption	21,932,916	15,918,605	4.83	72	4.3	7.0	10,824,651	4.22	1,526,276	14.1	21,047,230	14,884,071	4.79	71
Imported Beer	*1,101,591*	*758,826*	*0.23*	*69*	*2.5*	*-1.3*					*1,074,723*	*768,821*	*0.25*	*71*
Domestic Beer	*20,831,325*	*15,159,779*	*4.60*	*73*	*4.3*	*7.4*					*19,972,507*	*14,115,250*	*4.55*	*71*
Liquor	10,434,244	277,054	0.08	3	-2.3	-1.3	254,890	0.10	102,466	40.2	10,679,881	280,703	0.10	3
Wine	6,217,590	1,970,568	0.60	32	-1.2	-1.0	1,280,869	0.50	24,663,181	34.6	6,293,107	1,990,473	0.65	32
Alcohol Coolers	873,605	590,296	0.18	67	-11.0	-11.3	342,372	0.13	82,512	24.1	981,579	665,497	0.22	68
Breakfast Foods	7,796,987	7,651,655	2.32	98	12.6	12.9	5,786,315	2.26	821,657	14.2	6,926,063	6,777,666	2.19	98
Ready-to-Eat Cereals	6,513,998	6,451,070	1.96	99	14.1	14.4	4,838,303	1.89	638,656	13.2	5,709,025	5,639,047	1.82	99
Hominy Grits	93,002	83,093	0.02	89	5.4	5.6	64,813	0.02	12,509	19.3	88,237	78,687	0.03	89
Hot Cereals	693,389	638,373	0.19	92	11.9	12.3	491,547	0.19	80,122	16.3	619,651	568,453	0.19	92
Cereal Bars	331,837	322,270	0.10	97	-7.8	-7.8	277,152	0.11	57,370	20.7	359,910	349,534	0.12	97
Toaster Pastries	164,761	156,849	0.05	95	10.4	10.5	114,500	0.04	232,243	20.3	149,240	141,945	0.05	95
Candy & Chewing Gum	10,431,520	3,595,097	1.09	34	3.8	3.5	2,786,403	1.09	604,645	21.7	10,052,994	3,472,487	1.12	35
Bar Candy	3,543,095	1,119,360	0.34	31	3.4	3.0					3,428,576	1,087,422	0.35	32
Chocolate	*2,837,875*	*892,783*	*0.27*	*31*	*3.4*	*3.1*					*2,744,560*	*865,939*	*0.28*	*31*
Non-Chocolate	*705,220*	*226,577*	*0.07*	*32*	*3.1*	*2.3*					*684,016*	*221,483*	*0.08*	*32*
Packaged Chocolate	293,051	130,146	0.04	44	-1.4	-1.4	1,791,938	0.70			297,250	132,025	0.05	44
Chocolate Covered Creams	*143,741*	*65,379*	*0.02*	*45*	*-0.5*	*-0.4*					*144,463*	*65,642*	*0.03*	*45*
Chocolate Covered Fruits	*81,555*	*34,194*	*0.01*	*42*	*3.9*	*3.6*					*78,494*	*33,006*	*0.02*	*42*
Chocolate Covered Nuts	*67,755*	*30,573*	*0.01*	*45*	*8.8*	*8.4*					*74,293*	*33,377*	*0.02*	*45*
Packaged Candy Covered Chocolate	389,156	204,315	0.06	52	0.9	1.4					385,685	201,494	0.07	52
Bulk Candy	742,915	475,008	0.14	64	0.8	0.9					737,019	470,771	0.16	64
Packaged Soft Candy	124,446	64,541	0.02	52	5.6	3.8					117,847	62,178	0.03	53
Packaged Hard Candy	335,637	183,511	0.05	55	6.7	3.6					314,561	177,134	0.06	56
Hard Roll Candy	152,425	71,529	0.02	47	3.3	1.1					147,556	70,751	0.03	48
Diet Candy, Gum, Mints	26,638	19,866	0.01	75	15.6	14.7					23,043	17,320	0.01	75
Breath Fresheners	254,462	119,152	0.04	47	6.8	3.3	78,640	0.03			238,260	115,346	0.04	48
Marshmallows	96,713	85,373	0.02	88	2.9	3.1	58,054	0.02			93,987	82,806	0.03	88
Chewing Gum	2,015,717	909,054	0.27	45	6.9	7.3	699,972	0.27			1,885,830	847,806	0.28	45
Sugared	*1,268,573*	*571,918*	*0.17*	*45*	*6.3*	*6.6*					*1,193,389*	*536,508*	*0.18*	*45*
Sugarless	*747,144*	*337,136*	*0.10*	*45*	*7.9*	*8.3*					*692,441*	*311,298*	*0.11*	*45*
Other Candy	2,457,265	213,242	0.06	8	3.1	2.8	157,799	0.06			2,383,380	207,434	0.07	9
Canned Fish & Canned Seafood	2,300,446	2,049,709	0.62	93	3.6	3.7	1,570,849	0.61	208,923	13.3	2,222,418	1,976,878	0.64	89
Canned Salmon	352,454	261,089	0.08	74	1.4	1.5	201,039	0.08	37,192	18.5	347,588	257,231	0.09	74
Canned Sardines	105,938	100,773	0.03	95	3.6	-3.4	78,603	0.03	15,642	19.9	109,894	104,320	0.04	95
Canned Tuna	1,758,354	1,622,961	0.49	92	4.5	4.6	1,249,680	0.49	148,712	11.9	1,682,635	1,551,588	0.50	92
Other Canned Fish & Seafood	83,700	64,886	0.02	77	1.7	1.8	41,527	0.02	9,925	23.9	82,301	63,739	0.03	77
Canned Fruits	2,010,013	1,741,370	0.53	86	3.1	3.3	1,264,201	0.49	285,709	22.6	1,949,920	1,686,600	0.55	86
Applesauce	338,020	299,611	0.09	88	1.5	1.7	221,712	0.08	54,984	24.8	333,025	294,603	0.10	88
Apricots	32,538	29,239	0.01	90	5.3	5.3	21,344	0.01	4,717	22.1	30,900	27,767	0.01	90
Citrus	60,740	53,928	0.02	89	-2.9	-2.8	40,985	0.01	11,599	28.3	62,554	55,481	0.02	89
Cranberries	121,019	108,644	0.02	90	14.1	14.2	92,347	0.03	18,192	19.7	106,064	95,135	0.04	90
Fruit Cocktail	312,645	268,789	0.08	86	1.7	1.8	188,152	0.07	39,136	20.8	307,419	264,036	0.09	86
Peaches	386,636	334,419	0.10	86	2.6	2.8	220,717	0.08	47,675	21.6	376,838	325,310	0.11	86
Pears	181,743	154,657	0.05	85	1.0	1.1	122,179	0.05	25,291	20.7	179,944	152,974	0.05	85
Pineapple	254,131	215,343	0.06	85	2.7	2.8	165,814	0.06	40,790	24.6	247,450	209,478	0.07	85
Other Canned Fruits	322,541	276,740	0.08	86	5.5	5.7	190,951	0.07	43,155	22.6	305,726	261,816	0.09	86
Canned & Bottled Juices & Drinks[11]	4,960,111	4,238,218	1.28	85	7.7	7.6	2,939,078	1.15	711,257	24.2	4,607,225	3,939,472	1.27	85
Apple Cider & Juice	889,797	825,233	0.25	93	4.5	4.7	594,168	0.23	140,224	23.6	851,480	788,188	0.26	92
Cranberry Juice	345,337	331,665	0.10	96	2.6	2.9	311,765	0.12	66,406	21.3	366,586	322,318	0.11	96
Grape Juice	167,870	155,668	0.05	93	14.5	14.5	122,978	0.05	287,777	23.4	146,611	135,955	0.05	93
Grapefruit Juice	160,904	135,233	0.04	84	-7.2	-7.0	106,834	0.04	22,008	20.6	173,388	145,412	0.05	84
Nectars	61,432	58,121	0.02	95	3.0	3.0	44,172	0.02	10,424	23.6	59,643	56,428	0.02	95
Orange Juice	112,569	89,520	0.03	79	0.0	0.1	68,035	0.02	17,213	25.3	112,569	89,431	0.03	79
Pineapple Juice	105,475	99,058	0.03	94	5.9	6.0	74,294	0.03	17,979	24.2	99,599	93,451	0.04	94
Prune Juice	137,425	118,584	0.03	86	0.1	0.2	87,752	0.03	19,218	21.9	137,288	118,347	0.04	86
Other Fruit Juices	43,775	33,793	0.01	77	14.6	14.8	26,359	0.01	8,039	30.5	351,969	308,559	0.10	88
Vegetable Juice[12]	371,327	328,612	0.10	~~88~~	5.5	6.5	266,176	0.10	52,703	19.8	351,969	308,559	0.10	88
Fruit Drinks	1,649,232	1,409,809	0.43	85	10.4	10.7	845,885	0.33	183,557	21.7	1,493,870	1,273,540	0.41	85
Aseptic Juices & Drinks	820,845	574,723	0.17	70	13.8	13.2	321,845	0.12	84,967	26.4	721,305	507,706	0.17	70
Aseptic Juices & Drink Concentrates	94,123	78,199	0.02	83	11.1	10.6	68,815	0.02	16,103	23.4	84,719	70,704	0.03	83

[11] Full strength and concentrated juices, non-carbonated

[12] Chiefly tomato juice

DRY GROCERY—FOOD

CONTINUED

	1989										1988			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Canned Meats & Specialty Foods	1,830,881	1,412,575	0.43	77	-3.5	-3.2	996,703	0.39	232,232	23.3	1,897,371	1,459,633	0.47	77
Beef Hash	110,155	86,829	0.03	79	-3.0	-2.8	61,195	0.02	12,728	20.8	113,562	89,330	0.03	79
Corned Beef	68,299	62,856	0.02	92	-10.9	-10.6	45,885	0.02	10,921	23.8	76,654	70,309	0.03	92
Ham	283,392	244,523	0.07	86	-8.2	-7.9	151,604	0.06	43,055	28.4	308,706	265,497	0.09	86
Lunch Meats	186,735	161,183	0.05	86	-3.6	-3.2	119,275	0.04	17,414	14.6	193,708	166,511	0.06	86
Meat Spreads	89,891	79,545	0.02	88	-1.8	-2.3	58,863	0.02	11,066	18.8	91,539	81,418	0.03	89
Poultry	166,341	154,207	0.05	93	5.5	5.6	103,319	0.04	17,254	16.7	157,669	146,029	0.05	93
Sausages & Frankfurters	163,451	145,681	0.04	89	-0.1	-0.2	107,804	0.04	27,921	25.9	163,615	145,973	0.05	89
Other Canned Meats	762,617	477,751	0.14	62	-3.7	-3.4	348,758	0.13	86,689	25.0	791,918	494,566	0.16	62
Canned Milk	416,454	375,264	0.11	90	1.2	1.4	285,201	0.11	248,125	8.7	411,779	370,287	0.12	90
Condensed Milk	27,364	16,670	0.00	61	3.1	2.3					26,541	16,295	0.01	61
Evaporated Milk	389,090	358,594	0.12	92	1.0	1.3					385,238	353,992	0.12	92
Canned Prepared Food	2,104,079	1,960,765	0.59	93	8.8	9.0	1,549,004	0.60	382,604	24.7	1,935,327	1,800,114	0.58	93
Chili	343,468	301,616	0.09	88	6.1	6.3	238,277	0.09	44,081	18.5	323,721	283,740	0.10	88
Meat Stew	179,640	160,646	0.05	89	3.4	3.6	126,910	0.05	26,397	20.8	173,733	155,064	0.05	89
Mexican Food	706,930	663,763	0.20	94	11.7	11.8	524,373	0.20	148,922	28.4	632,883	593,706	0.20	94
Oriental Food	261,633	251,561	0.07	96	0.2	0.2	198,733	0.08	60,812	30.6	261,111	251,059	0.09	96
Pasta	612,408	583,179	0.17	95	12.6	12.9	460,711	0.18	102,278	22.2	543,879	516,545	0.17	95
Canned & Dry Soup	2,875,884	2,744,840	0.83	95	6.5	6.7	2,107,428	0.82	366,692	17.4	2,701,401**	2,573,022**	0.73	95
Canned Soup	2,052,953	1,957,592	0.59	95	7.5	7.7	1,468,194	0.57	229,038	15.6	1,911,220	1,818,521	0.59	95
Condensed Soup	1,400,696	1,334,613	0.40	95	7.8	8.0					1,299,347	1,235,753	0.40	95
Single Strength	652,257	622,979	0.19	95	6.6	6.9					611,873	582,768	0.19	95
Dry Soup[13]	739,448	708,383	0.21	96	3.8	4.0	580,874	0.22	142,314	24.5	712,378**	681,138**	0.12	93
Instant Bouillon & Cubes	83,483	78,865	0.02	94	7.4	7.5	58,360	0.02	13,481	23.1	77,803	73,363	0.03	94
Canned Vegetables	3,750,397	3,323,429	1.01	88	8.6	8.8	2,578,736	1.00	549,271	21.3	3,455,183	3,056,973	0.99	88
Asparagus	99,573	89,216	0.03	89	5.0	5.0	70,481	0.03	16,915	24.0	94,832	84,988	0.03	90
Beans (Waxed & Green)	475,690	427,543	0.13	90	13.9	14.2	312,106	0.12	67,103	21.5	417,638	374,381	0.13	90
Beans with Pork or Sauce[14]	477,704	437,925	0.13	92	3.9	4.0	328,444	0.13	60,105	18.3	459,773	421,082	0.14	91
Beets	84,988	76,214	0.02	90	3.0	3.1	60,971	0.02	13,596	22.3	82,513	73,922	0.03	89
Corn	655,272	588,605	0.18	90	14.8	15.2	476,770	0.18	112,041	23.5	570,794	510,942	0.17	89
Mushrooms	243,578	218,525	0.07	88	4.3	4.2	172,635	0.07	43,159	25.0	233,536	209,717	0.07	90
Peas	360,308	320,626	0.10	89	15.8	16.0	234,057	0.09	54,301	23.2	311,147	276,402	0.09	89
Potatoes	127,530	109,665	0.03	86	6.0	6.1	65,799	0.02	14,805	22.5	120,311	103,360	0.04	86
Sauerkraut	76,118	69,108	0.02	91	3.2	3.1	53,904	0.02	11,859	22.0	73,758	67,030	0.03	91
Tomatoes	448,280	387,885	0.12	86	7.6	8.0	321,945	0.12	69,540	21.6	416,617	359,153	0.12	86
Tomato Sauce	397,539	340,004	0.10	85	4.2	3.9	272,003	0.10	48,960	18.0	381,515	327,242	0.11	86
Tomato Paste	190,733	162,775	0.05	85	2.8	2.9	135,103	0.05	22,157	16.4	185,538	158,188	0.06	85
Tomato Puree	61,149	51,879	0.01	85	4.3	4.1	44,097	0.02	9,348	21.2	58,628	49,836	0.02	85
Other Canned Vegetables	51,935	43,459	0.01	84	6.9	6.7	30,421	0.01	6,632	21.8	48,583	40,730	0.02	84
Condiments, Dressings, Spreads, Relishes	7,906,916	6,366,358	1.93	80	6.1	6.2	4,945,142	1.93	1,078,041	21.8	7,456,529**	5,997,509**	1.93	80
Condiments	2,468,402	1,961,659	0.59	79	5.0	5.1	1,502,852	0.58	255,485	17.0	2,350,964	1,867,034	0.61	79
Barbecue Sauce	405,288	354,181	0.11	87	8.8	8.2	279,803	0.11	59,878	21.4	372,507	327,339	0.11	88
Condiment Sauces[15]	147,221	116,215	0.03	79	7.0	6.9	84,837	0.03	21,549	25.4	137,590	108,714	0.04	79
Flavor Enhancers	20,820	18,694	0.00	90	-1.7	-1.6	13,834	0.00	2,684	19.4	21,180	18,998	0.01	90
Ketchup	622,806	492,428	0.15	79	3.1	3.2	359,472	0.14	100,652	28.0	604,080	477,159	0.16	79
Meat Tenderizers	32,934	27,189	0.01	82	-2.1	-2.1	20,664	0.01	6,406	31.0	33,640	27,772	0.01	82
Onion Flakes	44,837	38,995	0.01	87	3.5	3.6	29,636	0.01	7,172	24.2	43,321	37,640	0.02	87
Pepper	250,183	179,852	0.05	72	1.2	1.3	134,889	0.05	31,564	23.4	247,216	177,544	0.06	72
Prepared Mustard	191,793	150,287	0.04	78	6.6	6.8	118,727	0.04	26,832	22.6	179,918	140,718	0.05	78
Salt	147,021	121,293	0.03	82	4.8	4.9	90,970	0.03	19,831	21.8	140,287	115,627	0.04	82
Spices	605,499	462,525	0.14	76	6.0	6.2	370,020	0.14	117,666	31.8	571,225	435,523	0.15	76
Dressings, Spreads	2,455,688	2,065,298	0.62	84	6.7	6.6	1,642,617	0.64	264,461	16.1	2,303,135	1,937,739	0.63	84
Pourable Salad Dressings	933,092	817,861	0.25	88	7.0	7.1	662,467	0.26	164,292	24.8	872,049	763,642	0.25	87
Spoonable Salad Dressings	48[illegible]26	430,178	0.13	88	7.1	6.8	357,048	0.14	36,776	10.3	456,607	402,788	0.13	88
Mayonnaise	853,247	685,488	0.21	80	6.7	6.6	514,116	0.20	68,377	13.3	799,669	643,047	0.21	80
Sandwich Spreads	44,513	39,424	0.01	88	-3.4	-3.4	29,568	0.01	4,967	16.8	46,080	40,812	0.02	88
Vinegar	135,810	92,347	0.03	68	5.5	5.6	79,418	0.03	18,187	22.9	128,730	87,450	0.03	68
Relishes & Appetizers	1,361,754	928,438	0.28	68	5.2	5.4	741,451	0.29	193,519	26.1	1,294,878	881,057	0.29	68
Bottled Green Olives	176,273	149,760	0.04	85	8.5	8.9	124,301	0.05	34,556	27.8	162,464	137,521	0.05	85
Canned Ripe Olives	208,417	178,719	0.05	86	4.5	4.3	144,762	0.05	36,190	25.0	199,442	171,351	0.06	86
Pickled Cucumbers, Tomatoes, Peppers	850,114	491,684	0.15	58	4.7	4.8	393,347	0.15	104,237	26.5	811,952	469,164	0.16	58
Relishes & Mixed Pickles	126,950	108,275	0.03	85	4.9	5.0	79,041	0.03	19,286	24.4	121,020	103,021	0.04	85
Spaghetti Sauces	1,623,072	1,410,963	0.43	87	7.7	7.6	1,058,222	0.41	249,740	23.6	1,507,552**	1,311,679**	0.42	87
Meatless	1,417,648	1,247,993	0.38	88	8.4	8.2					1,307,793	1,153,413	0.38	88
With Meat	179,685	140,133	0.04	78	1.8	1.8					176,508	137,655	0.05	78
With Clams	25,739	22,837	0.01	89	10.7	10.8					23,251**	20,611**	0.01	80

[13] Includes instant and mixes.

[14] Includes baked beans

[15] Excludes chili, seafood, cocktail and Oriental sauces.

* Represents a revision of the 1988 figures previously published.

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Desserts	661,218	579,603	0.17	88	2.7	2.9	445,306	0.17	90,842	20.4	643,995	563,470	0.19	87
Packaged Gelatin[16]	239,731	220,816	0.06	92	3.1	3.2	172,236	0.07	30,313	17.6	232,523	213,696	0.07	92
Prepared Puddings[17]	305,765	258,420	0.08	84	2.4	2.6	196,399	0.07	43,993	22.4	298,599	251,871	0.09	84
Dried Toppings	13,688	12,962	0.00	95	4.1	4.0	10,243	0.00	2,632	25.7	12,938	12,463	0.01	96
Ice Cream & Dessert Toppings	102,034	87,405	0.02	86	2.1	2.3	66,428	0.02	13,950	21.0	999,357	85,440	0.03	85
Dried Foods	3,895,562	3,161,888	0.96	81	9.6	9.3	2,356,845	0.92	511,435	21.7	3,556,326	2,893,178	0.94	81
Dried Vegetables & Fruits	2,363,550	1,758,885	0.53	74	9.6	8.8	1,295,044	0.50	290,090	22.4	2,158,421	1,617,127	0.53	75
Dried Beans & Peas	491,918	252,386	0.07	51	16.0	16.3	151,432	0.06	28,318	18.7	424,067	217,013	0.07	51
Fruits	690,401	534,244	0.16	77	6.2	6.2	416,710	0.16	102,511	24.6	650,526	503,237	0.17	77
Apricots	*29,875*	*21,009*	*0.00*	*70*	*10.9*	*11.0*					*26,969*	*18,927*	*0.01*	*70*
Dates	*40,284*	*35,303*	*0.01*	*87*	*4.5*	*4.8*					*38,549*	*33,686*	*0.02*	*87*
Figs	*10,839*	*7,789*	*0.00*	*72*	*10.6*	*10.7*					*9,800*	*7,036*	*0.01*	*72*
Raisins	*422,920*	*325,941*	*0.10*	*77*	*3.2*	*3.4*					*409,806*	*315,223*	*0.11*	*77*
Prunes	*164,623*	*128,569*	*0.04*	*78*	*17.0*	*16.1*					*140,703*	*110,740*	*0.04*	*79*
Other Dried Fruit[18]	*21,860*	*15,633*	*-0.00*	*71*	*-11.6*	*-11.3*					*24,729*	*17,625*	*0.01*	*71*
Instant Mashed Potatoes	182,412	174,378	0.05	95	12.6	12.8	129,040	0.05	29,937	23.2	162,000	154,590	0.05	95
Other Instant Potatoes	58,557	54,648	0.01	93	4.5	4.7	40,440	0.01	8,209	20.3	56,035	52,195	0.02	93
Rice	940,262	743,229	0.22	79	8.6	7.7	557,422	0.22	120,960	21.7	865,803	690,092	0.23	80
Other Dried Foods	1,532,012	1,403,003	0.42	91	9.6	10.0	1,061,801	0.41	217,669	20.5	1,397,895	1,276,051	0.42	91
Cured Fish	222,672	143,086	0.04	64	4.0	4.1	110,176	0.04	26,552	24.1	214,108	137,451	0.05	64
Dry Gravy Mixes	88,755	85,186	0.02	96	8.3	8.3	62,186	0.02	17,785	28.6	81,953	78,657	0.03	96
Dry Dinner Mixes	958,561	332,319	0.28	97	11.6	11.6	699,239	0.27	132,156	18.9	858,926	835,411	0.27	97
Breading Mixes	91,461	76,914	0.02	84	8.0	8.1	56,147	0.02	11,847	21.1	84,686	71,151	0.03	84
Dry Stuffing Mixes	170,563	165,498	0.05	97	7.8	7.9	134,053	0.05	27,749	20.7	158,222	153,381	0.05	97
Fats & Shortenings[19]	1,903,887	1,581,407	0.48	83	3.4	4.2	1,210,969	0.47	213,130	17.6	1,842,708	1,518,638	0.49	82
Cooking & Salad Oils	1,238,224	1,019,055	0.31	82	4.4	4.8	815,244	0.32	162,233	19.9	1,186,038	972,381	0.32	82
Lard	82,870	35,184	0.01	42	-14.0	-14.1	25,684	0.01	3,827	14.9	96,360	40,959	0.02	42
Olive Oil	166,285	157,378	0.05	94	18.4	18.4	114,886	0.04	21,598	18.8	140,443	132,921	0.05	95
Shortening	416,508	369,790	0.11	89	-0.8	-0.7	255,155	0.10	30,363	11.9	419,867	372,397	0.12	89
Jams, Jellies & Preserves	2,683,755	2,179,713	0.66	81	8.0	8.3	1,498,490	0.58	274,224	18.3	2,485,303	2,014,308	0.65	81
Citrus Marmalade	14,401	12,157	0.01	86	2.6	2.6	659,789	0.26	166,267	25.2	14,036	11,849	0.01	84
Fruit Butter	7,893	6,835	0.01	86	10.0	10.1					7,175	6,208	0.01	86
Jams, Preserves	829,909	712,087	0.21	86	6.3	6.5					780,723	668,626	0.22	86
Jellies	280,826	239,199	0.07	85	6.6	6.7					263,439	224,179	0.08	85
Honey	193,394	139,720	0.04	72	10.0	12.0	100,598	0.04	18,409	18.3	175,813	124,750	0.05	71
Peanut Butter	1,357,332	1,069,715	0.32	79	9.1	9.3	738,103	0.29	114,406	15.5	1,244,117	978,696	0.32	79
Pasta	1,817,305	1,309,170	0.40	72	12.5	12.2	981,878	0.38	251,361	25.6	1,616,427	1,167,052	0.38	72
Macaroni	635,167	422,583	0.13	66	11.4	11.2					570,168	380,021	0.13	67
Noodles	429,803	321,723	0.10	75	15.5	15.1					372,124	279,516	0.09	75
Spaghetti	752,335	564,864	0.17	75	11.6	11.3					674,135	507,515	0.17	75
Prepared Drinks	9,360,528	7,394,147	2.24	79	0.0	-0.1	5,449,254	2.12	1,117,097	20.5	9,368,369	7,404,194	2.39	79
Cocoa	343,814	309,743	0.09	90	0.0	0.1	253,989	0.10	56,131	22.1	344,043	309,580	0.10	90
Unsweetened Cocoa	*28,383*	*20,953*	*0.00*	*74*	*-0.8*	*-0.6*					*28,612*	*21,079*	*0.01*	*74*
Prepared Sweet Cocoa	*315,431*	*288,790*	*0.09*	*92*	*0.0*	*0.1*					*315,431*	*288,501*	*0.10*	*91*
Coffee	6,684,219	4,960,018	1.50	74	-0.5	-0.5	3,645,939	1.42	689,082	18.9	6,720,163	4,994,890	1.61	74
Regular Coffee	*5,333,244*	*3,681,885*	*1.11*	*69*	*0.7*	*0.9*	*2,687,776*	*1.05*	*481,112*	*17.9*	*5,296,171*	*3,649,044*	*1.18*	*69*
Instant Coffee	*1,327,759*	*1,256,291*	*0.38*	*94*	*-5.3*	*-5.2*	*942,218*	*0.37*	*200,692*	*21.3*	*1,402,069*	*1,325,201*	*0.43*	*94*
Whole Bean Coffee	*23,216*	*21,842*	*0.00*	*94*	*5.9*	*5.8*	*15,945*	*0.00*	*4,098*	*25.7*	*21,923*	*20,645*	*0.01*	*94*
Powdered Drink Mixes[20]	717,434	678,207	0.20	94	1.1	1.2	495,091	0.19	99,018	20.0	709,628	670,165	0.22	94
Dry Milk Powder[21]	127,973	121,151	0.03	95	9.7	9.8	87,229	0.03	19,190	22.0	116,657	110,338	0.04	94
Prepared Food Drinks	88,753	83,564	0.02	94	-4.3	-4.6	55,152	0.02	13,181	23.9	92,741	87,593	0.03	94
Tea	1,030,340	902,369	0.27	87	-0.7	-1.0	667,706	0.26	152,237	22.8	1,037,968	911,544	0.30	88
Bags & Loose Tea	*414,350*	*371,088*	*0.11*	*89*	*-0.7*	*-0.8*	*289,449*	*0.11*	*97,255*	*33.6*	*417,271*	*374,081*	*0.13*	*90*
Herb Tea	*193,397*	*140,067*	*0.04*	*72*	*8.3*	*9.0*	*103,650*	*0.04*	*23,010*	*22.2*	*178,575*	*128,502*	*0.05*	*72*
Ice Tea Mixes	*308,124*	*286,038*	*0.08*	*93*	*-6.2*	*-6.1*	*203,087*	*0.08*	*46,710*	*23.0*	*328,490*	*304,620*	*0.10*	*93*
Instant Tea	*114,469*	*105,176*	*0.03*	*92*	*0.8*	*0.8*	*71,520*	*0.03*	*17,093*	*23.9*	*113,561*	*104,341*	*0.04*	*92*
Breakfast Drinks	120,986	114,310	0.03	94	4.4	4.1	82,303	0.03	18,518	22.5	115,887	109,808	0.04	93
Coffee Creamer	247,009	224,785	0.07	91	6.8	6.9	161,845	0.06	43,698	27.0	231,282	210,276	0.07	91
Snacks	9,368,718	6,064,964	1.84	65	8.5	8.0	3,883,432	1.51	1,001,925	25.8	8,640,033	5,616,310	1.81	65
Corn Chips	1,395,309	1,044,901	0.31	75	18.1	17.7	710,533	0.28	186,159	26.2	1,181,461	887,766	0.29	75
Fruit Rolls & Bars	325,590	274,656	0.08	84	-1.4	-1.7	170,287	0.06	42,231	24.8	330,231	279,406	0.09	85
Packaged Unpopped Popcorn	785,144	660,354	0.20	84	9.4	9.8	356,591	0.14	103,055	28.9	717,682	601,415	0.20	84
Popped Popcorn	580,999	405,977	0.12	70	21.1	15.6	223,287	0.09	65,869	29.5	479,768	351,191	0.12	73

[16] Both flavored and unflavored

[17] Both instant and other prepared puddings. Includes corn starch puddings, tapioca and rennet

[18] Excludes fruit rolls and bars (listed under Snacks)

[19] Margarine included with dairy

[20] Excludes "breakfast drinks" listed separately

[21] Includes chocolate syrup-based drinks, malted milk items and other non-refrigerated items, but excludes chocolate syrup

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Pork Rinds	285,887	251,703	0.07	88	6.9	6.7	161,090	0.06	46,877	29.1	267,434	235,898	0.08	88
Potato Chips	4,046,734	2,272,873	0.69	56	8.1	6.0	1,477,367	0.57	336,840	22.8	3,743,510	2,144,220	0.69	57
Pretzels	364,148	334,954	0.10	92	19.0	20.3	267,963	0.10	67,259	25.1	306,007	278,432	0.09	91
Snack Nuts[22]	1,584,907	819,546	0.25	52	-1.8	-2.2	516,314	0.20	155,410	30.1	1,613,958	837,982	0.27	52
Soft Drinks	17,531,406	10,331,071	3.13	59	3.9	3.8	8,537,094	3.33	1,733,030	20.3	16,888,144	9,955,554	3.21	59
Bottled Soft Drinks	14,215,349	7,191,545	2.18	50	2.4	1.7	8,023,101	3.13	1,612,643	20.1	13,889,595	7,077,808	2.28	51
Diet	*1,105,827*	*861,224*	*0.26*	*78*	*4.1*	*2.4*					*1,062,274*	*841,039*	*0.28*	*79*
Sugared	*13,109,522*	*6,330,321*	*1.92*	*48*	*2.2*	*1.5*					*12,827,321*	*6,236,769*	*2.01*	*49*
Canned Soft Drinks	2,760,020	2,592,725	0.78	94	9.1	7.2					2,531,683	2,419,405	0.78	95
Diet	*1,132,692*	*1,034,293*	*0.31*	*91*	*11.9*	*10.1*					*1,012,236*	*939,413*	*0.31*	*93*
Sugared	*1,627,328*	*1,558,432*	*0.47*	*96*	*7.1*	*5.3*					*1,519,447*	*1,479,992*	*0.48*	*97*
Bottled Water	556,037	546,801	0.16	98	19.1	19.3	513,993	0.20	124,900	24.3	466,866	458,341	0.15	98
Sweeteners, Flavors	2,672,349	2,359,637	0.71	82	7.8	7.6	1,754,247	0.68	259,628	14.8	2,666,133**	2,194,604**	0.74	81
Flavoring Extracts	164,312	109,596	0.03	67	7.8	7.2	81,102	0.03	24,331	30.0	152,512	102,271	0.04	67
Vanilla Extracts	99,011	66,396	0.02	67	8.5	7.4	49,133	0.02	14,642	29.8	91,254	61,821	0.02	68
Other Flavoring Extracts	65,301	43,201	0.01	66	6.6	6.8	31,969	0.01	9,687	30.3	61,258	40,450	0.02	66
Marshmallow Cream	12,543	11,163	0.00	89	0.2	0.2	8,037	0.00	1,889	23.5	12,518	11,141	0.01	89
Packaged Molasses	25,636	22,168	0.00	86	4.2	4.3	16,404	0.00	3,625	22.1	24,603	21,254	0.01	86
Sugar	1,825,616	1,546,475	0.47	85	7.1	6.9	1,128,927	0.44	130,955	11.6	1,704,590	1,446,656	0.47	85
Synthetic Sweeteners	276,143	242,720	0.07	88	3.8	3.9	182,040	0.07	41,505	22.8	266,034	233,609	0.08	88
Table Syrup	568,099	427,515	0.13	75	12.3	12.6	337,737	0.13	60,455	17.9	505,876	379,676	0.13	75
Total Dry Grocery—Food	$141,474,355	$94,091,939	28.50	66	4.4	5.9	$69,198,669	27.00	$13,906,932	20.1	$135,562,301**	$88,898,445**	28.53	66
Total Foods	$362,317,418	$244,910,375	74.30	67	4.6	5.7	$191,592,878	74.77	$46,940,255	24.5	$346,597,712*	$231,848,244*	74.43	67

DRY GROCERY—NONFOOD

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Home Canning Supplies	$116,153	$93,427	0.03	80	2.1	1.9	$77,544	0.03	$17,990	23.2	$113,840	$91,748	0.03	80
Caps, Lids, Bands	67,168	57,512	0.02	85	2.2	2.1					65,722	56,329	0.03	86
Jars	48,985	35,915	0.01	73	1.8	1.4					48,119	35,419	0.02	74
Laundry Supplies	1,757,757	1,623,675	0.49	92	4.3	4.5	1,176,023	0.46	156,411	13.3	1,685,767	1,555,149	0.51	92
Bleaches	725,923	677,661	0.20	93	3.9	4.1	481,139	0.19	50,520	10.5	699,201	651,574	0.21	93
Chlorine Bleach	*329,373*	*309,062*	*0.09*	*94*	*10.6*	*10.7*					*297,806*	*279,189*	*0.09*	*94*
Non-Chlorine	*343,961*	*321,138*	*0.10*	*93*	*1.1*	*-0.9*					*347,787*	*324,054*	*0.11*	*93*
Dry Bleach	*52,589*	*47,461*	*0.01*	*90*	*-1.9*	*-1.8*					*53,608*	*48,331*	*0.02*	*90*
Bluing	5,007	4,162	0.00	83	2.6	2.4	2,913	0.00	466	16.0	4,880	4,064	0.01	83
Fabric Softeners	753,975	698,454	0.21	92	6.1	6.2	516,856	0.20	90,967	17.6	710,627	657,678	0.22	92
Soil & Stain Remover	178,517	157,886	0.04	88	2.3	2.2	115,257	0.04	22,821	19.8	174,503	154,487	0.05	89
Laundry Starch[23]	94,335	85,512	0.02	90	-2.3	-2.1	59,858	0.02	12,929	21.6	96,556	87,346	0.03	90
Soaps & Detergents	6,357,355	5,813,194	1.76	91	4.7	5.0	4,446,220	1.73	622,471	14.0	6,077,576	5,539,983	1.79	91
Cleansers (Scouring)	281,372	223,233	0.07	79	2.4	2.8	162,960	0.06	33,244	20.4	274,777	217,153	0.07	79
Laundry Bar Soaps	4,994	3,983	0.00	80	1.4	1.6	3,067	0.00	405	13.2	4,925	3,920	0.01	80
Soap Flakes, Chips, Powders	37,668	35,660	0.01	95	-2.7	-2.6	26,032	0.01	3,436	13.2	38,673	36,650	0.02	95
Liquid Detergents	2,053,456	1,943,911	0.59	95	7.5	7.8	1,549,462	0.60	198,331	12.8	1,910,428	1,804,619	0.59	94
Heavy Duty	*728,555*	*688,611*	*0.21*	*94*	*10.3*	*10.8*	*557,775*	*0.22*	*68,606*	*12.3*	*660,521*	*621,490*	*0.20*	*94*
Other Liquid Detergents[24]	*1,324,901*	*1,255,300*	*0.38*	*95*	*6.0*	*6.1*	*991,687*	*0.39*	*128,919*	*13.0*	*1,249,907*	*1,183,129*	*0.39*	*95*
Other Detergents	2,504,221	2,395,997	0.72	95	4.3	4.5	1,821,099	0.71	198,500	10.9	2,403,120	2,294,441	0.74	95
Dishwashing Compounds	*470,199*	*417,665*	*0.12*	*89*	*-1.4*	*-1.3*	*325,779*	*0.13*	*43,003*	*13.2*	*476,875*	*423,166*	*0.14*	*89*
Other Dry Low Sudsing	*860,179*	*821,208*	*0.25*	*95*	*6.7*	*6.9*	*615,906*	*0.24*	*60,975*	*9.9*	*806,166*	*768,202*	*0.25*	*95*
Other Dry Detergents	*1,173,843*	*1,157,124*	*0.35*	*98*	*4.8*	*4.9*	*879,414*	*0.34*	*94,097*	*10.7*	*1,120,079*	*1,103,073*	*0.36*	*98*
Toilet Soaps/Detergents	1,331,879	1,127,731	0.34	84	2.2	2.4	823,244	0.32	161,356	19.6	1,303,311	1,101,421	0.36	84
Bath Detergents	*135,421*	*105,821*	*0.03*	*78*	*10.2*	*9.9*					*150,803*	*117,448*	*0.04*	*78*
Bath Soaps	*359,650*	*279,667*	*0.08*	*78*	*3.2*	*3.5*					*348,498*	*270,210*	*0.09*	*77*
Deodorant Soaps & Bars	*540,971*	*539,169*	*0.16*	*99*	*2.7*	*2.9*					*526,749*	*523,974*	*0.17*	*99*
Liquid Soaps	*295,837*	*203,074*	*0.06*	*68*	*6.7*	*7.0*					*277,261*	*189,789*	*0.07*	*68*
Water Softening Salt	143,765	82,679	0.02	57	1.0	1.1	60,356	0.02	12,976	21.5	142,342	81,779	0.03	57

[22] Includes bulk nuts.

[23] Includes dry, liquid and spray starch.

[24] Includes dishwashing liquids.

* Represents a revision of the 1988 figures, due to the inclusion of new items within the categories.

** Represents a revision of the 1988 figures previously published.

DRY GROCERY—NONFOOD

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Other Cleaners, Cleansers, & Supplies	3,565,967	2,301,262	0.70	64	5.1	5.6	1,632,290	0.64	450,512	27.6	3,395,348	2,180,055	0.71	64
All-Purpose Cleaners (Liquid)	779,492	694,229	0.21	89	6.7	7.1	534,556	0.21	121,344	22.7	730,545	648,206	0.21	89
Cellulose Sponges	158,768	112,855	0.03	71	7.4	4.5	80,127	0.03	34,455	43.0	147,829	107,955	0.04	73
Drain Pipe Solvents	34,440	31,971	0.01	93	3.1	3.3	25,577	0.01	5,448	21.3	33,404	30,950	0.01	93
Household Ammonia	50,759	34,969	0.01	69	4.2	4.1	25,178	0.01	5,161	20.5	48,713	33,592	0.02	69
Household Brooms	160,108	103,797	0.03	65	1.4	1.2	98,829	0.04	39,927	40.4	157,897	102,566	0.04	65
Mops	217,826	126,037	0.04	58	0.7	0.4					216,312	125,535	0.05	58
Spot Cleaning Fluid	54,077	22,428	0.01	41	8.2	7.8	15,924	0.01	5,127	32.2	49,979	20,805	0.01	42
Household Disinfectants	291,861	223,061	0.07	76	6.1	6.5	160,604	0.06	36,618	22.8	275,233	209,619	0.07	76
Aerosol	*231,343*	*172,740*	*0.05*	*74*	*6.0*	*6.3*					*218,248*	*162,502*	*0.06*	*74*
Non-Aerosol	*60,518*	*50,321*	*0.01*	*83*	*6.2*	*6.8*					*56,985*	*47,117*	*0.02*	*83*
Household Deodorizers	351,403	202,793	0.06	58	8.3	7.3	146,011	0.05	38,547	26.4	324,591	189,129	0.07	58
Aerosol Room	*102,232*	*69,339*	*0.02*	*68*	*8.9*	*6.7*					*93,877*	*64,985*	*0.03*	*92*
Non-Aerosol Room	*249,171*	*133,455*	*0.04*	*53*	*8.0*	*7.5*					*230,714*	*124,144*	*0.04*	*54*
Rug Cleaners	87,364	64,183	0.02	73	8.1	8.4	48,137	0.02	13,526	28.1	80,818	59,209	0.02	73
Oven Cleaners	66,185	62,588	0.02	94	4.0	3.9	47,567	0.02	10,560	22.2	68,943	65,128	0.03	94
Steel Wool & Wire Sponges	124,396	114,584	0.03	92	1.5	1.6	81,355	0.03	21,152	26.0	122,558	112,780	0.04	92
Toilet Bowl Cleaners	120,417	104,052	0.03	86	4.0	4.3	73,877	0.03	18,765	25.4	115,786	99,762	0.04	86
Vacuum Cleaner Bags	760,275	171,618	0.05	22	1.3	1.1	125,281	0.05	56,877	45.4	750,518	169,751	0.06	23
Wall & Floor Cleaners	64,002	55,813	0.02	87	7.2	7.0	39,627	0.01	9,154	23.1	59,703	52,162	0.02	87
Window Cleaners	120,916	101,649	0.03	84	22.2	20.3	72,171	0.03	16,527	22.9	98,949	84,496	0.03	85
All Other Cleaners[25]	123,678	74,635	0.02	60	8.9	9.1	57,469	0.02	13,275	23.1	113,570	68,410	0.03	60
Paper, Plastic, Foil Products	15,338,567	11,795,029	3.58	77	8.6	7.5	8,990,685	3.51	1,402,547	15.6	14,127,364**	10,979,720**	3.51	79
Cleansing Facial Tissues	1,026,235	878,499	0.26	85	6.4	4.0	764,294	0.30	133,751	17.5	964,507	844,711	0.28	88
Coffee Filters	96,313	95,870	0.03	99	11.3	11.3	70,944	0.03	20,999	29.6	86,535	86,137	0.03	99
Disposable Diapers	3,249,526	2,270,346	0.69	70	5.2	4.8	1,611,946	0.63	96,717	6.0	3,088,903	2,166,361	0.70	70
Incontinence Products	747,861	70,368	0.02	9	14.9	27.1	56,294	0.02	16,944	30.1	650,880	55,364	0.03	8
Freezer Paper	19,679	16,582	0.01	84	0.0	0.0	12,271	0.00	3,411	27.8	19,679	16,582	0.01	84
Paper Cups[26]	457,728	358,871	0.11	78	5.8	5.0	305,040	0.12	67,719	22.2	432,635	341,782**	0.17	46
Paper Napkins	469,470	436,047	0.13	93	7.4	7.2	348,838	0.13	91,395	26.2	437,123	406,760	0.14	93
Paper Plates[26]	755,648	601,266	0.18	79	14.0	13.2	468,987	0.18	70,348	15.0	662,849	531,154	0.18	80
Paper Towels	1,918,827	1,695,129	0.51	88	5.8	6.9	1,152,688	0.45	277,798	24.1	1,813,636	1,585,715	0.51	87
Pre-Moistened Wipes[27]	190,300	151,872	0.04	80	7.3	6.1	112,385	0.04	26,860	23.9	177,353	143,140	0.05	81
Sandwich Bags	8,879	8,168	0.01	92	6.3	6.4	5,963	0.00	751	12.6	8,353	7,677	0.01	92
Toilet Paper	2,889,388	2,720,325	0.82	94	9.1	9.2	1,931,431	0.75	467,406	24.2	2,648,385	2,491,140	0.81	94
Waxed Paper	38,557	33,355	0.01	86	3.8	4.0	24,683	0.01	5,554	22.5	37,155	32,072	0.02	86
Other Paper Products	107,028	30,177	0.01	28	11.6	11.1	22,029	0.01	4,824	21.9	95,903	27,162	0.01	28
Plastic Cutlery	66,089	54,365	0.01	82	6.9	10.3	27,183	0.01	6,062	22.3	61,823	49,288	0.02	80
Household Aluminum Foil	454,309	406,423	0.12	89	4.6	4.8	325,138	0.17	60,150	18.5	434,330	387,808	0.13	89
Disposable Aluminum Cookware	225,841	170,489	0.05	75	13.0	12.7	141,506	0.05	35,942	25.4	199,859	151,275**	0.07	99
Plastic Bags	2,357,237	1,590,109	0.48	67	13.3	8.6	1,478,801	0.58	369,700	25.0	2,080,884**	1,465,022	0.48	85
Garbage Disposal	*1,720,656*	*1,049,796*	*0.32*	*61*	*13.8*	*7.9*	*976,310*	*0.38*	*247,006*	*25.3*	*1,512,000***	*972,934*	*0.32*	*84*
Food & Other Bags	*636,581*	*540,313*	*0.16*	*85*	*11.9*	*9.8*	*502,491*	*0.19*	*124,115*	*24.7*	*568,884*	*492,088*	*0.16*	*86*
Plastic Film Wrap	259,652	206,768	0.06	79	14.6	8.5	130,264	0.05	26,053	20.0	226,572	190,570	0.07	84
Pesticides & Rodent Control	585,040	343,703	0.10	59	14.9	11.6	261,214	0.10	69,222	26.5	509,547	308,177	0.10	60
Aerosol	276,875	182,918	0.05	66	8.1	7.8					256,129	169,683	0.06	66
Liquid (Non-Aerosol)	50,672	32,965	0.01	65	-1.9	-2.4					51,653	33,776	0.02	65
Pastes, Solids, Strips	38,046	26,014	0.01	68	9.8	10.0					34,650	23,649	0.01	68
Personal Insect Repellants	70,428	38,887	0.01	55	54.9	41.3					45,467	27,521	0.01	60
Non-Chemical Pest Control[28]	149,019	62,919	0.02	42	22.5	17.5					121,648	53,548	0.02	44
Waxes & Polishes	383,122	298,217	0.09	78	-1.4	-1.2	280,043	0.11	65,250	23.3	388,616	301,903	0.10	78
Furniture Polish	246,138	190,918	0.06	77	-0.3	-0.1	202,788	0.08	44,816	22.1	246,879	191,109	0.07	77
Buffing Floor Wax	9,928	6,092	0.00	61	-8.8	-8.7	77,255	0.03	19,314	25.0	10,886	6,672	0.01	66
Self-Polishing Floor Wax	127,056	101,207	0.03	79	-2.9	-2.8					130,851	104,122	0.04	80
Other Household Supplies	2,830,482	1,323,812	0.40	46	3.2	1.6	741,290	0.29	243,884	32.9	2,745,052	1,300,328	0.42	47
Charcoal Briquettes	350,703	310,238	0.09	88	-0.5	-0.3	176,836	0.07	32,714	18.5	352,465	311,172	0.11	88
Charcoal Lighter	111,386	80,149	0.02	72	1.7	1.8	52,898	0.02	13,172	24.9	109,524	78,732	0.03	72
Electric Christmas Bulbs/Sets	304,054	34,231	0.01	11	5.0	-1.0	20,539	0.01	8,462	41.2	289,575	34,577	0.02	12
Electric Light Bulbs[29]	1,255,356	512,689	0.15	41	3.5	1.3	276,852	0.11	114,340	41.3	1,212,904	506,110	0.17	42
Fireplace Logs	117,226	82,037	0.02	70	8.9	9.4	70,552	0.03	17,144	24.3	107,646	74,988	0.03	70
Household Glue	25,158	3,218	0.00	13	0.0	0.0	1,866	0.00	694	37.2	25,158	3,218	0.01	13
Household Tints & Dyes	51,786	4,712	0.00	9	5.1	5.0	2,733	0.00	1,047	38.3	49,273	4,516	0.01	9
Matches[30]	37,206	28,889	0.01	77	1.3	1.6	17,333	0.00	6,101	35.2	36,729	28,434	0.01	77
Shoe Polish	248,354	74,767	0.02	29	4.7	9.0	30,911	0.01	13,972	45.2	237,205	68,594	0.03	29

[25] Includes borax and similar products

[26] Includes plastic and other non-paper disposables

[27] Includes baby wipes

[28] Includes mouse and other traps

[29] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential

[30] Includes wooden and book matches

** Represents a revision of the 1988 figures previously published

DRY GROCERY—NONFOOD

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Gloves	127,257	93,296	0.03	73	-5.1	-3.6	56,911	0.02	22,878	40.2	134,190	96,829	0.04	72
Household Gloves (Cloth)	*52,373*	*20,062*	*0.01*	*38*	*-5.4*	*-4.9*					*55,365*	*21,096*	*0.01*	*38*
Rubber Gloves	*74,884*	*73,234*	*0.02*	*98*	*-5.0*	*-3.3*					*78,825*	*75,733*	*0.03*	*96*
Household Supplies n.c.e.	201,996	99,586	0.03	49	6.1	6.9	33,859	0.01	9,616	28.4	190,383	93,158	0.03	49
Pet Foods	6,790,864	6,197,243	1.88	91	6.6	6.1	4,474,607	1.74	836,751	18.7	6,374,669	5,843,627	1.89	92
Canned Pet Food	2,315,183	2,140,293	0.65	92	6.5	5.5	1,555,826	0.61	312,721	20.1	2,175,153	2,029,214	0.66	93
Canned Cat Food	*1,306,460*	*1,207,273*	*0.36*	*92*	*6.7*	*5.3*	*893,382*	*0.35*	*187,610*	*21.0*	*1,224,424*	*1,146,508*	*0.37*	*94*
Canned Dog Food	*1,008,723*	*933,020*	*0.28*	*92*	*6.1*	*5.7*	*662,444*	*0.26*	*125,202*	*18.9*	*950,729*	*882,706*	*0.29*	*93*
Dry Pet Food	3,188,996	2,961,502	0.90	93	8.2	8.0	2,102,667	0.82	330,119	15.7	2,948,822	2,744,285	0.89	93
Dry Cat Food	*979,509*	*909,815*	*0.27*	*93*	*10.1*	*9.8*	*645,969*	*0.25*	*120,150*	*18.6*	*889,654*	*828,611*	*0.27*	*93*
Dry Dog Food	*2,209,487*	*2,051,687*	*0.62*	*93*	*7.3*	*7.1*	*1,456,698*	*0.57*	*211,221*	*14.5*	*2,059,168*	*1,915,674*	*0.62*	*93*
Semi-Moist Pet Food	382,257	332,127	0.10	87	-8.8	-10.0	249,151	0.10	46,093	18.5	419,144	369,271	0.12	88
Semi-Moist Cat Food	*204,609*	*183,898*	*0.05*	*90*	*-9.4*	*-9.7*	*130,566*	*0.05*	*23,341*	*17.8*	*225,838*	*203,652*	*0.07*	*90*
Semi-Moist Dog Food	*177,648*	*148,229*	*0.04*	*83*	*-8.1*	*-10.5*	*118,583*	*0.04*	*22,056*	*18.6*	*193,306*	*165,619*	*0.06*	*86*
Pet Snacks	427,600	406,102	0.12	95	9.4	9.1	288,332	0.11	63,721	22.1	390,859	372,229	0.12	95
Cat Litter	476,828	357,219	0.11	75	8.2	8.7	278,631	0.11	70,772	25.4	440,691	328,628	0.11	75
Tobacco Products	31,729,582	14,943,321	4.53	47	7.7	7.3	11,197,915	4.37	1,746,875	15.6	29,473,858	13,937,912	4.49	47
Cigarettes	30,008,800	14,361,631	4.35	48	8.2	7.6	11,058,456	4.31	1,603,476	14.5	27,747,861	13,358,564	4.30	48
Filter-Tipped Cigarettes	*28,634,887*	*13,666,859*	*4.14*	*48*	*8.7*	*8.3*					*27,343,042*	*12,619,445*	*4.06*	*48*
Other Cigarettes	*1,373,913*	*694,772*	*0.21*	*50*	*-6.2*	*-6.0*					*1,404,819*	*739,119*	*0.24*	*53*
Cigars	624,337	72,251	0.02	11	1.5	2.1	37,571	0.01	7,927	21.1	615,110	73,952	0.03	12
Other Tobacco Products[32]	1,096,445	509,439	0.15	46	-1.3	0.8	101,888	0.04	18,034	17.7	1,110,887	505,396	0.17	45
Total Dry Grocery—Nonfood	$69,454,889	$44,732,583	13.56	64	7.1	6.5	$33,277,831	12.9	$5,757,065	17.3	$64,891,637**	$42,038,602**	13.50	65

HEALTH & BEAUTY AIDS

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Dieting Aids	$555,129	$308,023	0.09	55	18.9	39.2	$169,413	0.06	$40,998	24.2	$467,064	$221,361	0.08	47
Diet Supplements	144,864	97,508	0.03	67	6.6	6.9					135,895	91,214	0.03	67
Metered Calorie Meals[33]	191,200	151,955	0.04	79	110.8	135.6					90,702	64,497	0.03	71
Reducing Preparations	219,065	58,560	0.02	27	-8.9	-10.8					240,467	65,650	0.03	27
Cosmetics	5,496,438	704,413	0.21	13	7.0	4.1	524,647	0.20	167,887	32.0	5,142,306	676,659	0.22	13
Eye Makeup Products	2,898,986	596,041	0.18	20	3.3	2.7	441,070	0.17	140,701	31.9	2,807,611	580,651	0.19	21
Eye Shadow	*1,078,568*	*235,340*	*0.07*	*22*	*—1.8*	*2.5*					*1,059,497*	*229,600*	*0.08*	*22*
Eyeliner	*296,200*	*59,418*	*0.02*	*20*	*3.9*	*2.1*					*285,082*	*58,196*	*0.02*	*20*
Mascara Preparations	*1,283,893*	*254,023*	*0.08*	*20*	*4.7*	*3.1*					*1,226,259*	*246,385*	*0.08*	*20*
Other Eye Prep. & Accessories[34]	*240,325*	*47,260*	*0.01*	*20*	*1.5*	*1.7*					*236,773*	*46,470*	*0.02*	*20*
Lipstick (& Gloss)	1,591,640	56,336	0.02	3	12.1	14.6	43,942	0.02	13,842	31.5	1,419,839	49,159	0.02	3
Makeup Bases	820,518	43,281	0.01	5	9.9	10.8	32,894	0.01	11,151	33.9	746,879	39,074	0.02	5
Cake	*76,903*	*3,898*	*0.00*	*5*	*2.8*	*2.4*					*74,808*	*3,807*	*0.01*	*5*
Cream	*227,468*	*10,882*	*0.00*	*5*	*7.9*	*8.1*					*210,814***	*10,067*	*0.01*	*5*
Lotion	*516,147*	*28,501*	*0.01*	*5*	*11.9*	*13.1*					*461,257*	*25,200*	*0.01*	*5*
Press Cake Powder & Blush	187,294	8,755	0.00	4	11.5	12.6	6,741	0.00	2,231	33.1	167,977	7,775	0.01	5
Family Planning	644,326	88,822	0.02	14	12.4	14.5	80,235	0.03	34,260	42.7	573,423	77,575	0.03	13
Condoms	242,314	42,225	0.01	17	6.1	7.8	35,891	0.01	18,735	52.2	228,383	39,170	0.02	17
Female Contraceptives[35]	61,530	9,720	0.00	16	-0.4	3.5	8,942	0.00	3,156	35.3	61,777	9,391	0.01	
Home Pregnancy Tests	340,482	36,877	0.01	11	20.2	27.1	35,402	0.01	13,099	37.0	283,263	29,014	0.01	10
Feminine Hygiene Products	1,816,636	1,059,600	0.32	58	6.2	6.9	925,297	0.36	215,594	23.3	1,711,640	991,189	0.32	58
Douches	69,697	28,810	0.01	41	5.6	6.5	27,081	0.01	7,474	27.6	66,046	27,073	0.01	41
Liquid Douches	*39,802*	*15,659*	*0.00*	*39*	*5.7*	*6.1*					*37,656*	*14,759*	*0.01*	*39*
Powder Douches	*29,895*	*13,151*	*0.00*	*44*	*5.3*	*6.8*					*28,390*	*12,314*	*0.01*	*44*
Sanitary Napkins	1,130,820	677,159	0.20	60	6.3	7.4	636,529	0.25	158,496	24.9	1,063,801	630,502	0.21	59
Tampons	616,119	353,631	0.11	57	5.9	6.0	261,687	0.10	40,300	15.4	581,793	333,614	0.11	57

[31] Bird food and other pet accessories listed under General Merchandise.

[32] Includes pipe and cigarette tobacco, smokeless products and snuff. Excludes smoking accessories.

[33] Does not include frozen foods.

[34] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[35] Includes sponges and all other non-Rx contraceptives.

NCE — Not classified elsewhere.

** Represents a revision of the 1988 figures previously published.

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Hair Products	4,641,352	1,808,569	0.55	39	7.3	6.5	1,656,812	0.64	500,357	30.2	4,325,531	1,699,487	0.55	39
Coloring Preparations	811,663	106,737	0.03	13	11.3	2.9	96,063	0.04	26,609	27.7	729,257	103,729	0.04	14
Cream Rinses	168,979	93,950	0.03	55	8.0	6.0	93,478	0.03	22,248	23.8	156,462	88,632	0.03	57
Dandruff Rinses	18,040	6,564	0.00	36	10.0	8.7					16,400	6,039	0.01	37
Men's Hair Dressing	128,877	64,865	0.02	50	-1.9	-1.7	59,676	0.02	17,962	30.1	131,448	66,011	0.03	50
Men's Hair Spray	*40,231*	*17,359*	*0.00*	*43*	*0.9*	*1.6*					*39,872*	*17,086*	*0.01*	*43*
Other Men Hair Dressings	*88,646*	*47,506*	*0.01*	*53*	*-3.2*	*-2.9*					*91,576*	*48,925*	*0.02*	*53*
Shampoos	1,400,324	878,044	0.26	63	9.7	8.5	816,581	0.32	219,660	26.9	1,276,976	809,582	0.27	63
Baby Shampoo	*97,915*	*77,241*	*0.02*	*79*	*10.2*	*8.3*					*88,852*	*71,321*	*0.03*	*80*
Color Shampoo	*8,920*	*2,194*	*0.00*	*24*	*3.9*	*4.0*					*8,585*	*2,110*	*0.01*	*24*
Medicated Shampoo	*377,040*	*208,628*	*0.06*	*55*	*11.3*	*12.6*					*338,760*	*185,282*	*0.06*	*55*
Other Shampoo	*916,449*	*589,981*	*0.18*	*64*	*9.0*	*7.1*					*840,779*	*550,869*	*0.18*	*65*
Hair Accessories	1,000,339	216,651	0.06	21	2.9	3.2	192,819	0.07	95,252	49.4	972,808	209,943	0.07	22
Barrettes	*105,608*	*13,919*	*0.00*	*13*	*5.6*	*5.8*					*100,008*	*13,156*	*0.01*	*13*
Bobby Pins	*39,192*	*10,259*	*0.00*	*26*	*0.2*	*0.0*					*39,349*	*10,259*	*0.01*	*26*
Combs[36]	*206,789*	*24,364*	*0.01*	*12*	*2.9*	*4.3*					*200,961*	*23,360*	*0.01*	*12*
Curlers & Rollers	*152,563*	*30,306*	*0.01*	*20*	*2.9*	*3.8*					*148,263*	*29,366*	*0.01*	*20*
Hair Brushes	*352,100*	*115,086*	*0.03*	*32*	*3.7*	*3.1*					*339,537*	*110,979*	*0.04*	*33*
Hair Nets	*35,597*	*3,984*	*0.00*	*11*	*-0.6*	*-1.1*					*35,957*	*4,028*	*0.01*	*11*
Pin Curl Clips	*28,354*	*9,659*	*0.00*	*34*	*-1.5*	*-1.2*					*28,757*	*9,766*	*0.01*	*34*
Pony Tailers	*80,136*	*9,074*	*0.00*	*11*	*0.2*	*0.5*					*79,976*	*9,029*	*0.01*	*11*
Home Permanent Kits, Refills	140,871	24,628	0.01	17	5.0	2.9	21,919	0.01	6,378	29.1	134,163	23,934	0.01	18
Waveset Preparation	54,557	15,436	0.00	28	16.7	18.3	12,194	0.00	3,475	28.5	46,750	13,408	0.01	29
Women Hair Conditioners	355,305	158,009	0.05	44	6.7	7.2	137,468	0.05	37,804	27.5	332,994	147,396	0.05	44
Women's Hair Spray	497,548	227,353	0.07	45	6.3	5.4	213,712	0.08	59,198	27.7	468,060	215,705	0.07	46
Other Hair Dressings	64,849	16,332	0.00	25	7.7	8.1	12,902	0.00	3,651	28.3	60,213	15,108	0.01	25
Health Aids	1,204,223	553,853	0.17	46	3.6	3.1	455,837	0.18	135,383	29.7	1,162,939	537,343	0.16	46
Baby Oils & Lotions	107,947	87,176	0.03	81	-3.0	-2.8	71,484	0.03	19,729	27.6	111,286	89,687	0.03	81
Baby Pants	61,388	8,266	0.00	13	-1.4	-1.8	6,778	0.00	2,698	39.8	62,260	8,418	0.01	13
Baby Powder	101,526	48,152	0.01	47	6.9	6.3	39,485	0.01	9,081	23.0	94,973	45,298	0.02	48
Cotton Swabs	99,878	61,747	0.02	62	1.4	1.8	50,633	0.02	15,240	30.1	98,499	60,655	0.02	62
Diaper Rash Products	45,171	26,291	0.01	58	10.9	12.1	21,559	0.01	5,972	27.7	40,731	23,453	0.01	58
Fever Thermometers	40,738	15,072	0.00	37	6.1	9.5	12,359	0.00	4,288	34.7	38,396	13,764	0.01	34
First Aid Products	584,959	262,512	0.08	45	2.8	3.1	215,260	0.08	64,793	30.1	569,360	254,833	0.09	45
Adhesive Bandages	*227,938*	*118,890*	*0.03*	*52*	*2.9*	*3.1*					*221,514*	*115,315*	*0.04*	*52*
Adhesive Tapes	*78,605*	*46,719*	*0.01*	*59*	*1.6*	*1.9*					*77,367*	*45,848*	*0.02*	*59*
Cotton Balls	*89,555*	*32,814*	*0.01*	*36*	*2.5*	*2.8*					*87,371*	*31,920*	*0.02*	*36*
First Aid Kits	*43,577*	*23,439*	*0.01*	*54*	*5.6*	*6.1*					*41,188*	*22,091*	*0.01*	*54*
Gauze Bandages	*52,214*	*12,907*	*0.00*	*25*	*4.3*	*4.8*					*50,061*	*12,316*	*0.01*	*25*
Gauze Dressings	*57,792*	*12,735*	*0.00*	*22*	*1.7*	*1.9*					*56,826*	*12,498*	*0.01*	*22*
Other First Aid Cotton	*35,278*	*15,008*	*0.00*	*42*	*0.7*	*1.1*					*35,033*	*14,845*	*0.01*	*42*
Nipples & Pacifiers	53,633	19,109	0.00	35	12.3	10.4	18,918	0.01	6,848	36.2	47,759	17,309	0.01	36
Nursing Bottles	55,318	8,065	0.00	14	11.6	10.8	6,613	0.00	2,328	35.2	49,568	7,279	0.01	15
Disposable Bottle Liners	53,665	17,463	0.00	32	7.1	4.9	12,748	0.00	4,538	35.6	50,107	16,647	0.01	33
Nail Care Products[37]	629,470	119,478	0.03	19	7.2	6.3	94,388	0.04	31,146	33.0	587,483	112,401	0.04	19
Manicure Implements	201,694	56,129	0.02	28	5.3	5.8					191,542	53,052	0.02	28
Nail Polish & Enamel	370,420	50,578	0.01	13	8.9	7.7					340,147	46,962	0.02	14
Nail Polish Remover	57,356	12,771	0.00	22	2.8	3.1					55,794	12,387	0.01	22
Oral Hygiene Products	2,826,131	1,540,262	0.47	54	4.4	3.8	1,335,693	0.52	235,082	17.6	2,707,452	1,484,730	0.48	55
Denture Products	321,895	133,770	0.04	41	0.8	0.8	133,705	0.05	32,490	24.3	319,315	132,824	0.05	42
Denture Adhesives	*146,134*	*55,840*	*0.02*	*38*	*2.3*	*2.9*					*142,848*	*54,266*	*0.02*	*38*
Denture Cleaners	*175,761*	*77,929*	*0.02*	*44*	*-0.4*	*-0.8*					*176,467*	*78,558*	*0.03*	*44*
Mouthwash & Gargles	719,699	394,777	0.12	55	2.9	3.4	343,456	0.13	56,327	16.4	699,416	381,796	0.13	55
Breath Fresheners[38]	24,604	11,940	0.00	48	13.7	8.9	9,791	0.00	3,133	32.0	21,639	10,964	0.01	51
Toothbrushes	427,202	150,712	0.04	35	15.6	13.8	123,584	0.05	38,558	31.2	369,552	132,436	0.05	36
Toothpaste & Powder	1,246,492	814,783	0.25	65	1.9	2.4	725,157	0.28	102,972	14.2	1,223,250	795,687	0.26	65
Dental Floss	86,239	34,280	0.01	40	16.1	10.5	25,024	0.01	9,659	38.6	74,280	31,023	0.01	42
Packaged Medications	8,899,583	3,165,791	0.96	35	5.8	8.6	2,597,645	1.01	615,642	23.7	8,413,043	2,915,883	0.94	35
Acne Preparations	222,465	42,456	0.01	19	2.7	3.1	35,234	0.01	10,887	30.9	216,616	41,179	0.02	19
Aerosol Antiseptics	91,841	17,853	0.00	19	8.9	9.1	100,760	0.04	34,964	34.7	84,335	16,364	0.01	19
Athlete's Foot Medications	134,348	34,033	0.01	25	9.9	9.3					122,246	31,137	0.02	25
Burn Remedies	56,799	15,877	0.00	28	10.6	10.3					51,355	14,394	0.01	28
External Antiseptics	31,959	6,517	0.00	20	9.4	9.2					29,213	5,968	0.01	20
Foot Salves, Ointments	77,454	18,310	0.00	23	3.9	4.7					74,547	17,488	0.01	23
Poison Ivy Remedies	68,890	16,680	0.00	24	9.1	10.3					63,144	15,122	0.01	24
Antacids	901,723	415,221	0.12	46	1.8	2.1	361,242	0.14	88,865	24.6	885,892	406,935**	0.14	46
Effervescent Antacids	*102,000*	*60,481*	*0.02*	*59*	*2.0*	*2.0*					*100,000*	*59,295*	*0.02*	*59*
Liquid Antacids	*386,334*	*160,370*	*0.05*	*41*	*1.4*	*1.5*					*381,000*	*158,000*	*0.06*	*41*
Powder Antacids	*6,010*	*2,695*	*0.00*	*45*	*2.0*	*2.1*					*5,892*	*2,640*	*0.01*	*45*
Tablets, Pills, Gum, Lozenges	*407,379*	*191,675*	*0.06*	*47*	*2.1*	*2.5*					*399,000*	*187,000*	*0.07*	*47*

---

[36] Includes comb clips.

[37] Excludes products intended for professional use.

[38] Liquids and sprays only.

** Represents a revision of the 1988 figures previously published.

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Cold Capsules, Tablets	832,101	457,315	0.14	55	5.9	5.1	374,998	0.14	83,624	22.3	785,742	435,124	0.14	55
Cough Medications	1,403,772	280,474	0.08	20	7.8	7.2	171,089	0.06	43,970	25.7	1,302,954	261,820	0.09	20
Cough Drops, Lozenges, Troches	417,632	94,240	0.03	22	8.7	4.8					384,338	89,942	0.03	23
Cough Drops	252,864	84,242	0.02	33	8.9	4.8					232,198	80,384	0.03	35
Lozenges, Troches	164,768	9,998	0.00	6	8.3	4.6					152,140	9,558	0.01	6
Salves, Ointments[39]	58,888	21,541	0.00	36	3.6	3.9					56,842	20,732	0.01	36
Syrups, Elixirs, Expectorants	639,447	141,099	0.04	22	9.3	9.6					585,038	128,740	0.05	22
Other Cough/Cold Remedies[40]	287,805	23,594	0.01	8	4.0	5.3					276,736	22,406	0.01	8
Nasal Sprays & Drops	194,487	23,932	0.01	12	1.3	0.9	20,582	0.01	6,092	29.6	191,991	23,719	0.01	12
Analgesics	2,722,638	1,192,003	0.36	44	3.5	3.4	987,846	0.38	218,314	22.1	2,632,643	1,153,141	0.38	44
Internal Analgesics	2,392,340	1,087,966	0.33	45	3.0	3.0	892,132	0.35	198,053	22.2	2,322,938	1,056,933	0.35	45
Arthritic	102,614	33,363	0.01	32	2.0	2.5					100,602	32,549	0.02	32
Extra Strength	1,115,627	546,614	0.16	49	2.0	1.6					1,093,752	538,006	0.18	49
Menstrual Pain	65,773	30,915	0.01	47	0.0	0.3					65,773	30,823	0.01	47
Pediatric	104,913	44,217	0.01	42	1.0	1.6					103,874	43,521	0.02	42
Regular Strength	752,304	327,271	0.10	43	1.3	2.0					742,650	320,654	0.11	43
Sinus	251,109	105,586	0.03	42	16.1	15.8					216,287	91,180	0.03	42
External Analgesics	330,298	104,037	0.03	42	6.7	8.2	95,714	0.04	25,173	26.3	309,705	96,208	0.04	31
Mouth Analgesics[41]	190,485	61,900	0.02	32	10.6	12.1					172,229	55,219	0.02	32
Other External Analgesics	139,813	42,137	0.01	30	1.7	2.8					137,476	40,989	0.02	30
Diarrhea Remedies	189,087	103,828	0.03	55	17.0	19.1	94,483	0.03	22,487	23.8	161,613	87,177	0.03	54
Hemorrhoidal Medications	225,968	67,905	0.02	30	5.6	6.8	61,794	0.02	14,707	23.8	214,040	63,583	0.03	30
Hemorrhoidal Suppositories	130,851	40,740	0.01	31	6.9	8.1					122,405	37,687	0.02	31
Hemorrhoidal Ointment	95,117	27,165	0.01	28	3.8	4.9					91,635	25,896	0.01	28
Laxatives	688,073	165,584	0.05	24	5.8	6.4	139,091	0.05	31,295	22.5	650,353	155,624	0.06	24
Eye Lotions, Washes	157,486	78,416	0.02	50	5.0	4.0	65,085	0.02	14,644	22.5	149,987	75,400	0.03	50
Contact Lens Care Products[42]	819,746	193,130	0.06	23	13.6	19.1	156,435	0.06	45,522	29.1	721,607	162,158**	0.03	11
Sleeping Aids (Non-Rx)	80,746	36,257	0.01	45	8.0	7.3	29,006	0.01	8,963	30.9	74,765	33,790	0.02	45
Personal Cleanliness Products	208,472	48,188	0.01	23	-2.8	-2.1	42,915	0.01	11,029	25.7	214,568	49,218	0.2	23
Bath Salts, Tablets, Oils, Bubble Bath	127,153	37,799	0.01	30	-2.6	-2.0	34,397	0.01	8,840	25.7	130,647	38,584	0.02	29
Bubble Bath	74,533	27,960	0.01	37	-2.3	-1.8					76,288	28,472	0.01	37
Other Salts, Oils, Tablets	52,620	9,839	0.00	18	-3.2	-2.7					54,359	10,112	0.01	19
Talcum & Body Powder	81,319	10,389	0.00	13	-3.1	-2.3	8,518	0.00	2,223	26.1	83,921	10,634	0.01	13
Personal Deodorants, Antiperspirants	1,279,623	708,835	0.21	55	3.0	3.3	630,863	0.24	143,206	22.7	1,242,616	686,313	0.23	55
Stick Deodorants	571,503	344,151	0.10	60	5.0	4.8					544,289	328,388	0.11	60
Roll-On Deodorants	334,623	151,822	0.04	45	-2.1	-1.0					341,801	153,356	0.05	45
Feminine Sprays	8,612	4,170	0.00	48	3.1	1.8					8,353	4,096	0.01	49
Other Aerosols	364,885	208,692	0.06	57	4.8	4.1					348,173	200,473	0.07	56
Shaving Products	1,983,475	662,060	0.20	33	6.6	4.7	525,178	0.20	151,776	28.9	1,861,974	632,748	0.21	34
After Shave Lotion	343,041	111,467	0.03	32	6.1	4.2	89,174	0.03	27,644	31.0	323,319	106,974	0.04	33
Depilatories	29,145	10,356	0.00	35	-1.3	-2.1	8,285	0.00	2,626	31.7	29,529	10,578	0.01	36
Pre-Shave Products	28,379	11,928	0.00	42	6.1	6.5	9,542	0.00	2,805	29.4	26,747	11,200	0.01	42
Razor Blades	444,252	203,542	0.06	37	4.0	1.4	162,834	0.06	40,871	25.1	427,165	200,732	0.07	47
Razors (Handles)	51,165	17,321	0.00	34	19.1	15.8	13,164	0.00	4,647	35.3	042,960	14,958	0.01	35
Disposable Razors	302,270	169,110	0.05	56	13.8	10.9	131,906	0.05	46,826	35.5	265,615	152,489	0.05	57
Shaving Cream	251,353	105,421	0.03	42	-0.2	-0.6	83,283	0.03	20,737	24.9	251,857	106,057	0.04	42
Men's Cologne	533,870	32,915	0.01	6	7.9	10.6	26,990	0.01	9,716	36.0	494,782	29,760	0.01	6
Skin Care Products	2,181,910	539,210	0.16	25	12.2	9.6	428,256	0.17	110,062	25.7	1,945,339	491,952	0.16	25
Face Cream	808,600	163,001	0.05	20	11.3	9.9	334,166	0.13	83,875	25.1	762,505	148,318	0.05	20
Face Lotions & Astringents	136,625	15,085	0.00	11	10.8	9.5					123,308	13,776	0.01	11
Hand & Body Lotions	565,712	220,594	0.06	39	13.8	8.7					497,111	202,938	0.07	41
Hand Creams	36,857	8,839	0.00	24	10.0	8.0					33,506	8,184	0.01	24
Lip Protectors	40,737	12,508	0.00	31	-3.0	-2.1	9,381	0.00	3,236	34.5	41,997	12,776	0.01	30
Liquid Face Cleansers	121,073	33,418	0.01	27	11.1	9.7	20,385	0.01	5,769	28.3	108,977	30,463	0.01	28
Suntan/Sunscreen Products	472,306	85,765	0.02	18	14.1	13.6	64,324	0.02	17,239	26.8	413,940	75,497	0.03	18
Vitamins & Tonics	1,635,260	631,512	0.19	38	1.8	2.3	517,840	0.20	176,583	34.1	1,606,346	617,314	0.20	38
Other Health & Beauty Aids[43]	2,535,369	1,180,679	0.36	46	5.7	6.2	578,533	0.22	153,311	26.5	2,398,646	1,111,750	0.36	46
Total Health & Beauty Aids (non-Rx)	$36,539,397	$13,119,295	3.98	34	6.4	5.9	$10,563,552	4.12	$2,767,651	26.2	$34,360,370	$12,399,954**	3.96	36
Prescriptions[44]	$25,810,200	$2,693,707	0.82	10	10.3	26.3	$2,693,707	1.05	—	—	$23,400,000	$2,132,785	0.69	9
Total HBA & Prescriptions	$62,349,597	$15,813,002	4.79	25	8.0	8.9	$13,257,259	5.17	—	—	$57,760,370	$14,532,739**	4.65	25

[39] Excludes analgesics

[40] Includes antihistamines, room decongestants, inhaler tubes and other inhalers

[41] Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores

[42] Includes solutions, cleansing kits, tablets and cases

[43] Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances, etc

[44] Excludes sales through hospitals

— Not available

** Represents a revision of the 1988 figures previously published

GENERAL MERCHANDISE

(add 000 to all dollar figures)	1989										1988			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '88 to '89 Total[1]	Percentage[3] Change from '88 to '89 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Audio & Video	$10,314,847	$990,221	0.30	9	8.0	11.3	$604,035	0.23	$228,929	37.9	$9,551,666	$890,200	0.29	9
Records, Tapes, Compact Disks[45]	3,356,750	266,171	0.08	8	9.7	3.8					3,059,936	256,427	0.09	8
Blank Audio Cassettes	494,251	14,175	0.00	3	5.3	2.6					469,374	13,816	0.01	3
Blank Video Cassettes	1,657,846	114,989	0.03	7	8.9	13.5					1,522,356	101,312	0.04	7
Video Cassette Rentals[46]	4,806,000	594,886	0.18	12	6.8	14.7					4,500,000	518,645	0.17	11
Auto Supplies	2,235,066	363,578	0.11	16	2.3	-6.8	319,949	0.12	66,869	20.9	2,185,817	390,162	0.13	18
Antifreeze	611,379	91,987	0.03	15	6.1	-13.8					576,229	106,713	0.04	18
Automobile Polish	141,812	36,286	0.01	25	-3.7	-6.2					147,261	38,684	0.02	26
Automotive Additives	182,261	31,408	0.01	17	1.6	1.2					179,391	31,036	0.01	17
Motor Oil	1,299,614	203,897	0.06	15	1.3	-4.6					1,282,936	213,729	0.07	17
Electrical Appliances[47]	ND	261,007	0.08	—	—	14.8	242,737	0.09	75,977	31.3	ND	227,358	0.08	—
Flashlights & Batteries	3,400,141	606,734	0.18	18	7.9	3.1	539,993	0.21	213,837	39.6	3,152,945	588,784	0.19	19
Batteries	3,002,791	567,968	0.17	19	8.8	3.1					2,759,918	550,890	0.18	20
Flashlights	397,350	38,766	0.01	10	1.1	2.3					393,027	37,894	0.02	10
Greeting Cards	4,661,034	608,959	0.18	13.0	5.0	8.9	590,590	0.23	297,117	50.3	4,439,842	559,191	0.18	13
Hardware[48]	ND	260,325	0.08	—	—	6.1	252,515	0.10	91,410	36.2	ND	245,358	0.08	—
Housewares	5,236,588	1,256,145	0.38	NC	5.8	4.7	1,865,539	0.73	792,854	42.5	4,952,249	1,200,590	0.39	24
Bakeware	1,676,393	148,874	0.04	9	3.3	4.0					1,622,839	143,148	0.05	9
Barbecue Grills	676,436	4,488	0.00	6	11.3	10.6					607,759	4,058	0.01	67
Beverageware	485,480	74,537	0.02	15	-2.3	-1.9					496,909	75,981	0.03	15
Cutlery	673,003	64,589	0.02	9	12.2	14.3					599,824	56,508	0.02	9
Food Preparation Glassware	537,016	70,995	0.02	13	3.0	1.9					521,375	69,671	0.03	13
Kitchen Towels	24,572	8,307	0.00	34	18.9	13.1					20,666	7,345	0.01	35
Kitchen Utensils Gadgets	ND	221,547	0.07	—	—	7.4					ND	206,282	0.07	—
Microwave Cookware	ND	74,195	0.02	—	—	-20.8					ND	93,680	0.04	—
Ornamental & Novelty Glassware	174,788	7,421	0.00	4	3.0	1.8					169,697	7,290	0.01	4
Plastic & Rubberware	ND	465,202	0.14	—	—	8.6					ND	428,363	0.14	—
Pots & Pans	819,328	80,609	0.02	10	6.1	3.8					772,222	77,658	0.03	10
Tableware	169,572	35,381	0.01	21	20.3	15.6					140,958	30,606	0.01	22
Other Housewares[49]	ND	667,091	0.20	—	—	6.4					ND	626,965	0.21	—
Periodicals	11,610,011	2,018,066	0.61	17	6.0	9.5	1,634,635	0.64	488,756	29.9	10,955,188	1,844,072	0.60	17
Children's Story Books	539,330	135,028	0.04	25	7.5	13.5					501,702	118,967	0.04	24
Coloring Books	234,953	31,607	0.01	13	0.8	2.5					233,088	30,836	0.01	13
Comics	136,564	40,976	0.01	30	6.0	3.8					128,834	39,476	0.02	31
Magazines[50]	2,814,554	1,585,200	0.48	56	8.1	10.0					2,603,658	1,441,091	0.47	55
Newspapers[51]	6,034,742	73,362	0.02	1	3.8	4.0					5,813,817	70,540	0.03	1
Paperback Books	1,849,868	151,895	0.04	8	10.5	6.1					1,674,089	143,162	0.05	8
Other Merchandise	4,799,127	585,857	0.18	NC	10.5	10.1	451,156	0.17	197,155	43.7	4,341,615	532,278	0.16	12
Disposable Cigarette Lighters	335,445	141,192	0.04	42	5.1	5.2	114,366	0.04	48,491	42.4	319,167	134,213	0.05	42
Garden Seed Packets	111,017	59,761	0.02	54	2.5	2.7	53,784	0.02	25,655	47.7	108,309	58,190	0.02	54
Playing Cards	230,961	35,300	0.01	15	5.0	16.1	20,474	0.01	7,903	38.6	219,963	30,405	0.01	14
Road Salt & Ice Pellets	ND	22,386	0.01	—	—	8.4	18,133	0.01	7,144	39.4	ND	20,651	0.01	—
Sewing Notions	1,686,540	65,919	0.02	4	9.9	11.9	54,713	0.02	24,457	44.7	1,534,613	58,909	0.02	4
Shoe Laces	74,054	38,342	0.01	52	7.1	6.5	15,720	0.01	4,684	29.8	69,145	36,002	0.02	52
Sunglasses	1,846,155	146,662	0.04	8	15.0	18.3	112,930	0.04	58,385	51.7	1,605,352	123,975	0.03	4
Vacuum Bottles & Jugs	514,955	76,295	0.02	15	6.2	9.1	61,036	0.02	21,501	35.8	485,066	69,933	0.03	14
Picnic Jugs	*149,509*	*25,678*	*0.01*	*17*	*9.6*	*9.9*					*136,413*	*23,365*	*0.02*	*17*
Vacuum Bottles	*295,831*	*36,193*	*0.01*	*12*	*4.3*	*4.7*					*283,635*	*34,568*	*0.02*	*12*
Lunch Boxes	*69,615*	*14,424*	*0.00*	*21*	*7.1*	*20.2*					*65,000*	*12,000*	*0.01*	*18*

[45] Includes LPs, EPs, 45s, cassettes, 8-track and disc.

[46] Does not include sales of pre-recorded video cassettes, or rentals of video cassette equipment.

[47] Includes all electrical appliances other than health aid appliances. Also includes portable radios, tape players and personal stereos.

[48] Includes non-electric tools, fasteners, paint supplies (not paint), and wiring devices.

[49] Includes bar accessories, plastic items, potholders, oven mitts, etc.

[50] Does not include subscription sales.

[51] Includes sales from all outlets, including subscriptions and home delivery.

ND – Not determined

— Not available

Illustration: Paulette Bogan

As bakery growth slows, stores are trying harder than ever to find ways to entice customers to shop the department. Meanwhile, the setback suffered by oat bran has not lessened customers' enthusiasm for switching to products with healthier ingredients.

BAKERY

■ In supermarket bakeries, even more than in delis, the appeal is to the senses.

Indeed, the heady aroma of hot, freshly baked bread, cookies, cakes, rolls, and pies may be the most powerful natural merchandising tool in the supermarket business. It is estimated that up to two-thirds of instore bakery purchases are made on impulse.

Unfortunately, statistics also indicate that fewer than one-third of weekly supermarket shoppers—27.9 percent—buy from bakery departments (with an average transaction of $2.02). And so, the greatest challenge awaiting operators is take the sights and smells, the convenience and the quality, the pastry and the packaging of their bakeries and create a mix that will make sales rise.

"That's one of the tricks everybody's working on," says Bill Arnold, vice president of marketing and sales for Country Home Bakers (Bridgeport, Conn.). "Our research has told us that the more convenient you make your department, the better sales will be. That's one answer."

Sales growth slows

In-store bakery sales reached $6.64 billion in 1989, an increase of 8.7 percent over 1988. The year before, however, sales jumped nearly 28 percent, to $6.11 billion.

Industry observers blame the slower growth largely on the decline in the number of new bakery unit openings—only 190, as compared with 1,180 in 1988. The freewheeling expansion of two years ago is not likely to be seen again: At least 65.9 percent of all supermarkets already have bakery departments.

Impending saturation, however, fails to fully explain the slowing of sales growth. Weekly average bakery sales rose 7.6 percent last year, to $6,311. But just one year earlier, sales shot up 20.3 percent, to $5,868.

Overall, according to the International Dairy-Deli Association's "What's in Store" report, bakeries contributed about 2.6 percent of total store sales and 5.2 percent of profits in 1989. Profit margins averaged about 53.2 percent, down from the 1988 figure 54.9.

"Since so many stores have bakeries," notes Carol L. Christison, the executive director of the Madison, WI-based IDDA, "the quality of the product becomes the deciding factor among the competition."

"Operators have got to realize that we will all perform better, and provide better service, if we begin to merchandise over the counter," says Phil Crow, vice president of sales and marketing for Dawn Food Products Inc. (Jackson, Mich.). "End-user merchandising is becoming

BAKERY

popular again, and I applaud that.

Mona Doyle, president of Consumer Network Inc. (Springfield, Mo.), which tracks consumer trends, told attendees at the IDDA's recent 26th annual seminar and exposition in Baltimore that one major obstacle to the continued growth of instore bakeries has been the overwhelming nationwide labor shortage.

Labor the biggest problem

According to SUPERMARKET BUSINESS's Eighth Annual Bakery Operations Review, the cost of bakery labor rose last year to 31.9 percent of sales. Average weekly sales per employee rose to $809, up from $742 the year before.

"Labor is the number one problem in this industry," says Will Bellar, president and chief operating officer of Hazelwood Farms Bakeries Inc. (Hazelwood, Mo.), a wholly owned subsidiary of Wetterau Co. "And it's not just the lack of skilled labor. It's also the lack of entry-level training of people who work in bakeries."

Bakery labor is a subject Bellar knows something about. He has served as chairman of James Borck Deli Bakery Educational Foundation for the last two years, and chairman of IDDA's Education Committee—which eventually became the Borck Foundation—from 1982 to 1988.

"We're finding out from a lot of retailers across the country that they are running into the problem of finding skilled labor," says Judy Streigel, senior product manager for Rich Products Corp. (Buffalo, N.Y.). "When you can't find skilled people, you've got to see if you can at least find people who are interested in learning bakery production. But it takes time and money to train those people.

"We have to work at making the baking industry a career," adds Streigel. "Young people have to begin to look at it as more of a profession than just another job."

"Operators eventually have to loosen up on the labor-cost side," says Dawn Foods' Crow, "and realize we'll have to pay a little more for good people. They've got to invest in training."

The major reason for the industry's 100-to-400 percent bakery turnover rate, says Bellar, is that employees "don't understand their jobs. They're not sure what they're supposed to be doing, or where it will lead careerwise." Hazelwood recently introduced several products, including new 2.75-ounce muffins, Hawaiian sweet bread and sweet rolls, and tubed loaf cakes.

According to other bakery specialists attending the IDDA show, the increasing number of bakeries may also be contributing to their slowing growth. Almost every store's got one. So now, more than ever, they stressed, operators must find new and creative ways to draw customers to their bakery. One way is by paying strict attention to ever-evolving consumer trends.

In bakeries, as in other departments, more healthful products seem to be the overwhelming choice of both consumers and suppliers. As in most other product segments, manufacturers are widening their product lines by offering items that are low in salt, fat, and cholesterol. And they are going to great expense to advertise and market that difference.

> **'Labor is the number one problem in this industry—not just the lack of skilled labor, but the lack of entry-level training of people who work in bakeries.'**

Healthier choices

"Obviously, there's been a lot of discussion about the whole no-fat issue," says Ted Leavitt, vice president of marketing for Grand Metropolitan Foodservice Minneapolis, Minn.), which sells Pillsbury baking products to instore bakeries. "But just a short while ago, the FDA issued proposed regulations to redefine what no-fat is and isn't. They're suggesting stricter fat measurements be used. That raises questions as to what strategies to use."

"We see customers looking for more healthful foods, products with less fat," says Barry Scher, a vice president with Giant Foods Co. (Landover, Md.). "We're making a concerted effort at Giant to provide more nutritious bakery products, as well as products in other departments."

Shirley Craig, bakery manager for Larry's Markets, reported to the IDDA that her company introduces healthful items carefully.

"We want to make sure that our products are healthful," she said. "For example, we sweeten our oat bran muffins with natural sweeteners, and use only canola oil in our baking. We also have a local hospital analyze our recipes."

In addition, said Craig, her company distributes product information sheets that include nutrient value.

Some industry insiders, however, such as Streigel, lack the abounding faith in the healthier-foods market that others have. "How long can it last?" Streigel asks. "I can't honestly tell you. Probably at least through 1991. I don't think it's a fad, but I do think the niche everyone's looking for is rather small."

"The bakery falls nicely into the concept of health-conscious consumers who want an occasional indulgence, especially of high-quality baked goods," notes Christison.

"Health is certainly a valid concern," adds Streigel, "but on the other hand, I just read that chocolate consumption is up. From a realistic standpoint, people are saying, "Hey, let's get some balance in my life. It's okay if I have dessert'."

Dawn Food Products has just rolled out several health-focused items, including reduced-fat sugar and oatmeal cookies, muffins, and bran muffin mixes. Four new items are expected to be added to the line soon.

The "grab-and-go" generation

Another dining trend that supermarkets can take advantage of is "grazing," or the consumption of smaller, portable, single-serving items. Muffin and cookie sales, for example, are up due largely to the convenience of eating them.

"We continue to see more and more interest in snacking-type items," William DeBrauwere, bakery merchandising manager for Grand Union Co. (Wayne, N.J.), told IDDA. "Smaller sizes and multiple-pack products are popular. It is not a matter of price, but convenience."

"He who figures out how to package single servings for less will win the hearts and dollars of seniors, singles, and the whole grab-and-go generation," says Doyle.

One way of doing that, says Country Home's Arnold, may be to offer instore deli products outside the department; on food and salad bars, for instance. "Have you ever seen any bakery products at a salad bar? Only croutons and crackers. Why not move it to where they're buying?"

Country Home recently rolled out a line of six-inch Petite Pies in four varieties; two new combination pies, blueberry-peach and apple-raisin-walnut; and a line of 11 celebration cakes. It is also developing a merchandising program to go with its year-old Warme Bakker (Dutch for "freshly baked") product.

According to SUPERMARKET BUSINESS's Bakery Operations Report, 54 percent of instore bakery sales come from self-service packaged goods; another 11 percent from self-service bulk goods; and 35 percent from service products. While 48 percent of respondents said they expected no change in that ratio, 33 percent said the trend would be more toward self-service.

Still, that leaves 19 percent of the operators increasing the amount of service they offer. The service aspect is crucial at Houston's AppleTree Markets, according to Don Admire, director of deli-bakery. "We think our instore bakeries benefit from that friendly personality behind the counter," Admire says. "We think one of the biggest draws is the customer contact."

AppleTree Markets recently switched from self-service to full-service in the bakery sections of 57 stores. The remaining 22 stores will also be converted, says Admire.

Prepackaged baked goods manufacturers, Doyle added,

Continued on page 128

Though growth has slowed, the deli department is still the beneficiary of consumers' need for convenience. Line extensions have also enabled delis to take advantage of the trend toward healthier eating.

DELI

Illustration: Paulette Bogan

■ The instore deli has become, in the words of one industry executive, "the star of the supermarket show." And, like any star, it's getting VIP treatment from operators eager to perform before bigger and bigger audiences.

Deli sales continue to be strong, although evidence suggests growth may be slowing. Total instore deli sales in 1989 were $11.13 billion, an increase of 16.5 percent over 1988, according to the International Dairy-Deli Association's "What's In Store" report. Year-to-year sales in 1988 increased 20.7 percent.

The slowing is attributed to a year-to-year drop in the number of new deli openings—from 900 in 1988 to just 500 last year. The total number of deli units now in operation is estimated at 20,000.

In addition, according to SUPERMARKET BUSINESS's Eighth Annual Service Deli Operations Review, average weekly sales for supermarket deli departments rose to an all-time high of $10,600 in 1989, a 13.6 percent increase.

A breakdown by store type shows that superstore delis averaged $14,200 in sales per week (or 4.1 percent of total store sales), as compared with $14,900 (or 2.7 percent of total sales), for superwarehouse stores. Average conventional store delis, however, notched just $7,821 per week (or 5.5 percent of total store sales).

Trends aid growth

Among the trends that manufacturers and operators agree are helping instore delis evolve into a premier department are:

- While self-service is certainly enjoyed by harried, hurried shoppers, most consumers have come to expect, and indeed, demand, service. Operators, in turn, have been able to use it as a marketing tool.
- Prepared foods continue to grow in popularity, and some believe the category's best days lie ahead. Thus far, though, results have been spotty, and vary greatly according to individual locations.
- Healthful products in all categories, from salads to cheeses and meats, are booming. Virtually every major manufacturer is developing line extensions that are low in fat, salt, and cholesterol, and rushing them into deli cases.
- Freshly prepared ethnic foods and an increase in overall variety are sparking sales.
- Refrigerated entrees show greater growth potential than do hot entrees.
- Convenience—in the form of such innovations as separate entrances and cash registers, fax machines and telephones for order taking, and location within the store—is and will continue to be a major factor in delis' growth.
- Deli sampling, demonstra-

tions, and suggestive selling are proving very effective marketing tools.

- Packaging, both in size and composition, is becoming a more important consideration. While shoppers are demanding smaller packages and more portion control, ecological and waste-management concerns are likewise on the rise.
- Finding, keeping, training, and affording labor is increasingly difficult and expensive, and the forecast is that things will only continue to get worse.
- Food safety and sanitation have become major concerns for consumers and deli operators alike.

In addition, the Washington, D.C.-based Food Marketing Institute's "Trends: Consumer Attitudes and the Supermarket, 1990" report found that 72 percent of shoppers surveyed said that fresh sections, such as deli and bakery, were "very" or "somewhat" important to their choice of a store. The survey also found that 29 percent of shoppers "frequently" took advantage of deli carry-out items, while 40 percent did so only "occasionally."

Randy Earle, a general manager with Campbell Soup Co. (Camden, N.J.), notes that self-service will increase in deli departments, and that the trend toward healthier dining has not yet topped out. "Our belief," he says, "is that fresh refrigerated foods are just beginning to come into their own throughout the U.S."

Campbell recently rolled out its Fresh Kitchen line of no-preservative, no-MSG salads. "Not even the ingredients have preservatives," says Earle.

Another Campbell salad line, called Today's Edition, features seven cold salads, including Southern-style potato, sour cream potato, chicken, home-style slaw, macaroni, tuna, and cheddar cheese and macaroni.

Stephen G. Kouzomis, vice president of marketing-retail deli and foodservice division for Swift-Eckrich Inc. (Downers Grove, Ill.), says that instore delis "will continue their growth, but with more center-of-plate stuff: prepared foods, upscale gourmet salads, and cheese varieties."

Also high on Kouzomis's list are healthier deli items. Swift-Eckrich recently introduced a Lite and/or Lean deli meats line, including roast beef, ham, bologna, turkey breast, turkey ham, and pastrami. The meats contain less fat, sodium, and cholesterol.

Jim Duchek, vice president of specialty foods for Schnuck Markets (Bridgeton, Mo.), notes that "the most significant trend in both our self-service and service deli departments certainly is not positive, it's negative: It's that people are eating less processed meat. It's really become noticeable over the last couple of years."

The sales have been lost Duchek says, to healthier items, those with less fat, sodium, and cholesterol. In response to the trend, the company has expanded its Deli Lites offerings

"The trend, in general, is to healthier foods," says Duchek. "It's just common sense."

'People are eating less processed meat. It's really become a noticeable trend the past couple of years.'

Value-added services

Even more important to continued deli growth, Swift-Eckrich's Kouzomis says, is providing shoppers with value-added services, convenience, better portion control, and advertising backup that will draw them to the delis.

"The convenience factor has to be addressed," says Kouzomis. "Customers get impatient waiting on line; they want to pay right away. Maybe the answer lies in things such as drive-thru windows, or moving the deli up front, using phones and fax machines, or having separate express checkouts during lunch. All of these things indicate more service to the deli shopper. But at the same time, it also means more labor having to become more efficient."

In addition, Kouzomis says, value-added service must increase. "Manufacturers have to bring more than price to operators, including such things as offering recipes, meal suggestions, or training."

Joe Salvatore, vice president of deli merchandising for Grand Union, points to the importance of both convenience and health factors . "Obviously, our company is totally committed to delis," he says. "All our major renovations and retrofits include delis.

"We feel the customers' desire for convenient foods—ready to eat, or heat and serve—is still there, and it's getting stronger. We're very strong with hot foods.

"We also feel the healthy aspect of the food is still paramount, and becoming more important in many people's minds. Products such as light salads, pasta salads, and poultry will continue to get stronger."

Bob Levine of Manor Hill Foods Inc. (Baltimore, Md.) says that "component salads," those requiring only partial instore preparations, are part of the value-added services that manufacturers must provide operators.

Manor Hill's Gourmet Beginnings line of 18 refrigerated salad bases includes such dishes as cheese ravioli with pesto (with romano cheese and fresh basil), Sunny Hawaiian (with pineapple, coconut, celery, cashews, peanuts, and raisins), and Exotic Oriental (with bamboo shoots, water chestnuts, celery and poppy seeds in a tangy, sweet soy sauce flavor).

The company has also introduced a line called Buckets of Pasta, which features two pounds of spaghetti, rotini, tortellini, or ravioli in 5-lb. handled buckets.

Howard A. Zemsky, president of Russer Foods Inc. (Buffalo, N.Y.) says he thinks prepared deli foods have not totally lived up to their advance billing.

"Prepared foods should be larger that they are," he says. "If the stores sold as much as they have gotten press on, everybody would be a lot happier.

"We do business from coast to coast," Zemsky adds, "and retailers tell us that prepared foods do well in some stores, but not in others; or at certain price points, but not others. In general, sales have proved to be kind of marginal. Prepared foods have been a hit-and-miss, store-by-store item."

Less fat, salt and sugar

Instead, Zemsky sees retailers getting "back to basics, and experimenting less." An example, he says, is Russer's recently introduced line of reduced-salt, reduced-fat luncheon meats called Lil' Salt. The line, which contains no cereals, soy, fillers, or MSG, and has 25 percent less fat and 33 percent less sodium than its other products, includes cooked and smoked ham, bologna, beef bologna, cooked salami, P&P loaf, old fashioned loaf, and braunschweiger.

J. Vincent Kent, senior vice president of sales and marketing for Orval Kent Food Co. Inc. (Wheeling, Ill.) agrees with Zemsky's assessment of prepared foods, concluding that, "In 10 years, they will have lived up to their press. But at this very moment, they have not."

Orval Kent entered the healthful foods fray recently by converting its major potato, cole slaw, and macaroni salads to a no-cholesterol formulation.

Orval Kent also introduced a no-sugar-added fruit and fruit salad line in April called Chilled Selections. The line included mixed-fruit salad; honeydew balls, cantaloupe balls and chunks; pineapple spears; orange slices, segments, and cartwheels; citrus salad with pineapple; and grapefruit segments.

Larry Goldsmith, marketing manager for Stouffer Foodservice Inc. (Solon, Oh.), sees delis working toward being able to compete with restaurants. "There's an increased interest in prepared foods. Operators want to go beyond sliced meat and cheeses into selling 'food.'" Growth will come in the hot and ethnic categories, he adds.

Goldsmith also sees service taking solid hold in deli departments, sometimes against operators' wishes.

"Some chains would like to see service go out, but I think customers love it," he says. "We will see service predominate because the deli is such a focal point in the store now. It represents the image of the store: quality and service."

Stouffer's is also working on a healthful line of products

Continued on page 128

DELI

tions, and suggestive selling are proving very effective marketing tools.

- Packaging, both in size and composition, is becoming a more important consideration. While shoppers are demanding smaller packages and more portion control, ecological and waste-management concerns are likewise on the rise.
- Finding, keeping, training, and affording labor is increasingly difficult and expensive, and the forecast is that things will only continue to get worse.
- Food safety and sanitation have become major concerns for consumers and deli operators alike.

In addition, the Washington, D.C.-based Food Marketing Institute's "Trends: Consumer Attitudes and the Supermarket, 1990" report found that 72 percent of shoppers surveyed said that fresh sections, such as deli and bakery, were "very" or "somewhat" important to their choice of a store. The survey also found that 29 percent of shoppers "frequently" took advantage of deli carry-out items, while 40 percent did so only "occasionally."

Randy Earle, a general manager with Campbell Soup Co. (Camden, N.J.), notes that self-service will increase in deli departments, and that the trend toward healthier dining has not yet topped out. "Our belief," he says, "is that fresh refrigerated foods are just beginning to come into their own throughout the U.S."

Campbell recently rolled out its Fresh Kitchen line of no-preservative, no-MSG salads. "Not even the ingredients have preservatives," says Earle.

Another Campbell salad line, called Today's Edition, features seven cold salads, including Southern-style potato, sour cream potato, chicken, home-style slaw, macaroni, tuna, and cheddar cheese and macaroni.

Stephen G. Kouzomis, vice president of marketing-retail deli and foodservice division for Swift-Eckrich Inc. (Downers Grove, Ill.), says that instore delis "will continue their growth, but with more center-of-plate stuff: prepared foods, upscale gourmet salads, and cheese varieties."

Also high on Kouzomis's list are healthier deli items. Swift-Eckrich recently introduced a Lite and/or Lean deli meats line, including roast beef, ham, bologna, turkey breast, turkey ham, and pastrami. The meats contain less fat, sodium, and cholesterol.

Jim Duchek, vice president of specialty foods for Schnuck Marke[illegible] Bridgeton, Mo.), notes [illegible] the most significant trend in both our self-service and service deli departments certainly is not positive, it's negative: It's that people are eating less processed meat. It's really become noticeable over the last couple of years."

The sales have been lost Duchek says, to healthier items, those with less fat, sodium, and cholesterol. In response to the trend, the company has expanded its Deli Lites offerings.

"The trend, in general, is to healthier foods," says Duchek. "It's just common sense."

'People are eating less processed meat. It's really become a noticeable trend the past couple of years.'

Value-added services

Even more important to continued deli growth, Swift-Eckrich's Kouzomis says, is providing shoppers with value-added services, convenience, better portion control, and advertising backup that will draw them to the delis.

"The convenience factor has to be addressed," says Kouzomis. "Customers get impatient waiting on line; they want to pay right away. Maybe the answer lies in things such as drive-thru windows, or moving the deli up front, using phones and fax machines, or having separate express checkouts during lunch. All of these things indicate more service to the deli shopper. But at the same time, it also means more labor having to become more efficient."

In addition, Kouzomis says, value-added service must increase. "Manufacturers have to bring more than price to operators, including such things as offering recipes, meal suggestions, or training."

Joe Salvatore, vice president of deli merchandising for Grand Union, points to the importance of both convenience and health factors . "Obviously, our company is totally committed to delis," he says. "All our major renovations and retrofits include delis.

"We feel the customers' desire for convenient foods—ready to eat, or heat and serve—is still there, and it's getting stronger. We're very strong with hot foods.

"We also feel the healthy aspect of the food is still paramount, and becoming more important in many people's minds. Products such as light salads, pasta salads, and poultry will continue to get stronger."

Bob Levine of Manor Hill Foods Inc. (Baltimore, Md.) says that "component salads," those requiring only partial instore preparations, are part of the value-added services that manufacturers must provide operators.

Manor Hill's Gourmet Beginnings line of 18 refrigerated salad bases includes such dishes as cheese ravioli with pesto (with romano cheese and fresh basil), Sunny Hawaiian (with pineapple, coconut, celery, cashews, peanuts, and raisins), and Exotic Oriental (with bamboo shoots, water chestnuts, celery and poppy seeds in a tangy, sweet soy sauce flavor).

The company has also introduced a line called Buckets of Pasta, which features two pounds of spaghetti, rotini, tortellini, or ravioli in 5-lb. handled buckets.

Howard A. Zemsky, president of Russer Foods Inc. (Buffalo, N.Y.) says he thinks prepared deli foods have not totally lived up to their advance billing.

"Prepared foods should be larger that they are," he says. "If the stores sold as much as they have gotten press on, everybody would be a lot happier.

"We do business from coast to coast," Zemsky adds, "and retailers tell us that prepared foods do well in some stores, but not in others; or at certain price points, but not others. In general, sales have proved to be kind of marginal. Prepared foods have been a hit-and-miss, store-by-store item."

Less fat, salt and sugar

Instead, Zemsky sees retailers getting "back to basics, and experimenting less." An example, he says, is Russer's recently introduced line of reduced-salt, reduced-fat luncheon meats called Lil' Salt. The line, which contains no cereals, soy, fillers, or MSG, and has 25 percent less fat and 33 percent less sodium than its other products, includes cooked and smoked ham, bologna, beef bologna, cooked salami, P&P loaf, old fashioned loaf, and braunschweiger.

J. Vincent Kent, senior vice president of sales and marketing for Orval Kent Food Co. Inc. (Wheeling, Ill.) agrees with Zemsky's assessment of prepared foods, concluding that, "In 10 years, they will have lived up to their press. But at this very moment, they have not."

Orval Kent entered the healthful foods fray recently by converting its major potato, cole slaw, and macaroni salads to a no-cholesterol formulation.

Orval Kent also introduced a no-sugar-added fruit and fruit salad line in April called Chilled Selections. The line included mixed-fruit salad; honeydew balls, cantaloupe balls and chunks; pineapple spears; orange slices, segments, and cartwheels; citrus salad with pineapple; and grapefruit segments.

Larry Goldsmith, marketing manager for Stouffer Foodservice Inc. (Solon, Oh.), sees delis working toward being able to compete with restaurants. "There's an increased interest in prepared foods. Operators want to go beyond sliced meat and cheeses into selling 'food.'" Growth will come in the hot and ethnic categories, he adds.

Goldsmith also sees service taking solid hold in deli departments, sometimes against operators' wishes.

"Some chains would like to see service go out, but I think customers love it," he says. "We will see service predominate because the deli is such a focal point in the store now. It represents the image of the store: quality and service."

Stouffer's is also working on a healthful line of products

Continued on page 128

DELI

Continued from page 120

called Right For You, which is set for rollout at press time. The six-item line has lower cholesterol, sodium, and fat, and includes Chicken Classics, Heartland Medley Beef Stew, Cheese Stuffed Shells, Three Bean Chili, Pasta Roma, and Mexicali Chicken.

Blue Ridge Farms (Brooklyn, N.Y.) introduced a healthier line of salads in February called Light For Life. The products, which are low in fat, sodium, and cholesterol, "are doing very well" according to spokesman Alan Green.

The line includes Garden Pasta Salad, Mac N' Cheddar, Turkey Salad, Tuna Health Salad, and Fusilli and Olives. All of the salads feature no MSG or bisulfates. Additions this fall may bring the number of items to 16.

"The deli department is one of the few left in the store that is still service-oriented," noted Green. He cautions that smart operators are able to "adjust and adapt their delis to the neighborhood they're in. It differentiates their store from the rest of the competition. For instance, if you're in a Spanish neighborhood, serve Spanish foods." —HOWARD RIELL

BAKERY

Continued from page 117

"have the opportunity to compete on different terms. They need to deliver better products, more flavor, and better value in more responsive packages. Some consumers are beginning to recognize that the flavor and quality of prepackaged brands is better than anything available from the instore bakery."

"We think the handwriting's on the wall," says Grand Met's Leavitt. "More and more operators are moving to prepackaged products based on demographics. It's tough to get labor. Therefore, they will not have the expertise, and will be forced to make things simpler and simpler for their people to do. The drive is toward products that are closer and closer to finished from the manufacturer."

Pillsbury, which re-entered the frozen dough market when it opened a new plant in Joplin, Mo., last January, has recently rolled out such frozen products as buttermilk biscuits, puff pastry, and cinnamon-raisin biscuit and cookie dough.

SUPERMARKET BUSINESS statistics show that white breads and rolls garnered the largest share of instore bakery sales, with 18.2 percent. Next were variety breads and rolls, at 13.2 percent, followed by decorated cakes (9.4 percent), yeast-raised doughnuts (9.2 percent), sweet goods (7.7 percent), and bagels/croissants/muffins (7.5 percent).

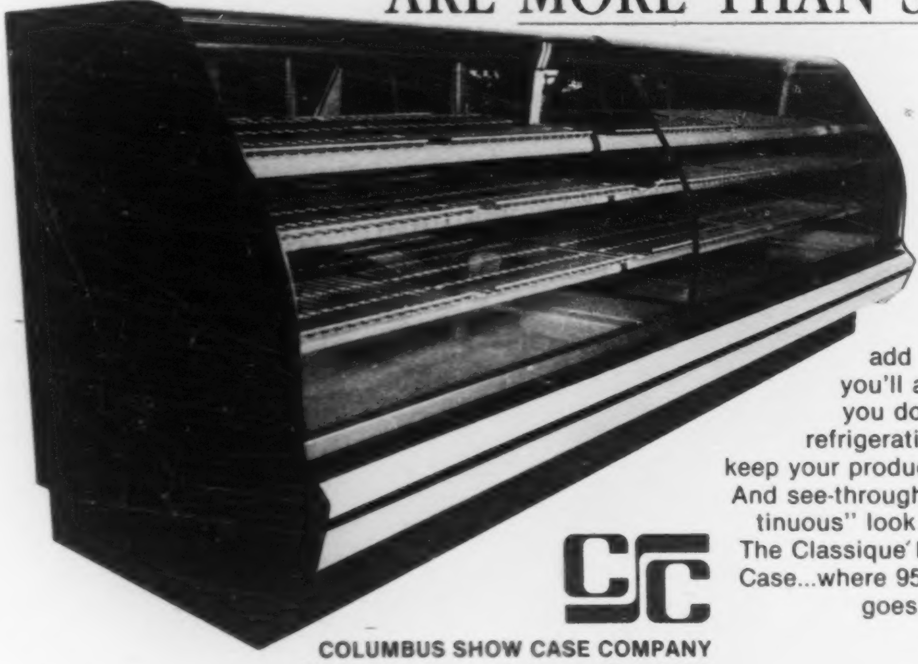
Tom Shaughnessy, vice president and general sales manager for ConAgra Flour Milling (Omaha, Neb.), notes that "frozen muffin mixes—not dry, but already in batter form, that you can just scoop out, thaw, and mix"—are increasingly popular. Of oat bran, he says, "that *New England Journal of Medicine* report really knocked it in the head. It was hyped way too high, given credit for health improvement that could have been tough to justify. Now it's found its niche."

According to operators and manufacturers alike, one of the best ways to build bakery sales is to take a localized approach to its menu mix. This includes ethnic offerings in areas with large ethnic populations. For example, Fiesta Mart bakeries in Houston offer shoppers more than 150 ethnic bakery products, including a large selection of Mexican items. "Variety makes the difference," says president Donald Bonham, whose instore bakery notched about $30,000 per week in sales.

Another trend turning up in many supermarkets is that branded bakery items are being sold through instore bakeries. Retailers such as T.J. Cinnamons and Mrs. Fields are sliding their lines of fresh-baked products into supermarket locations.

—HOWARD RIELL

OUR GOOD LOOKS
ARE MORE THAN SKIN DEEP!



Sure, the new Profiles® Classique' line of bakery cases from Columbus Show Case Company looks great. Sleek styling, lift-up E-Z Kleen curved glass fronts, Wilson Art laminates and adjustable shelves and lighting add to the overall beauty. But you'll also appreciate the things you don't see. Like an improved refrigeration and venting system to keep your products looking better, longer. And see-through ends that create a "continuous" look for maximum eye appeal. The Classique' line from Columbus Show Case...where 95 years of professionalism goes into everything we make.

CC
COLUMBUS SHOW CASE COMPANY
850 W. Fifth Avenue, Columbus, Ohio 43212
1-800-848-3573

FROZEN FOODS

Continued from page 155

Though many consumers are switching to lower fat alternatives to ice cream, superpremium sales were up about 2 percent last year, says Wood. "Even with the introduction of the premium lights and the nonfat frozen desserts, superpremium never lost its base."

De La Garza says that there is a "shakeout going on in frozen novelties" because the category became overcrowded.

Shelf-stable sales aren't frozen

Hormel also targets its shelf-stable microwavable lines toward distinct niches. Top Shelf, the company's 16-item line of shelf stable entrees, "compare favorably with Healthy Choice in terms of fat, cholesterol and sodium, and half of the Top Shelf items are also under 300 calories," says Allan Krejci, director of public relations at Hormel. Hormel also has a seven-item, shelf-stable, child-oriented line, Kid's Kitchen, in test market.

Although sales of shelf-stable microwavable meals are only a fraction of their frozen counterparts, the category has grown 60 percent since last year, according to Krejci. He contends that frozen and shelf-stable products each have distinct users. "There's not a lot of cannibalization. Shelf-stable has attracted new users of microwavable meals."

Although Krejci believes that shelf-stable microwavable meals "are the wave of the future," frozen food manufacturers do not accept any suggestion that their dominance will ever be in doubt. "They have not succeeded with taste. It takes a lot of heat to process them, and that hurts taste and texture," says Brown.

"I wouldn't say that shelf-stable foods are necessarily a threat to the frozen food industry, but they are competition," says Nevin Montgomery, president of the National Frozen Foods Association, a trade group representing 1,000 manufacturers, retailers, brokers and suppliers.

Just as the shelf-stable industry had to overcome consumer apprehension about the safety of perishable foods that were processed not to need refrigeration, the microwave packaging industry is in the midst of trying to prove to the Food and Drug Administration that polyethylene terephthalate, already approved for use in soda bottles and plastic film, maintains its integrity at the high temperatures created by packaging using heat susceptors.

This past July, the Susceptor Microwave Packaging Committee, a panel of 34 manufacturers and industry organizations including the National Food Processors Association and the Society of the Plastics Industry, submitted their findings to the FDA. "The Committee concluded that no new regulations are needed," says Patricia Schwartz, acting director of the division of food chemistry and technology at the FDA.

"I think it's wishful thinking on their part. We can't leave the regulations as they are. This is not to say that microwave susceptors aren't safe, but [the manufacturers] have to prove it. It's not our job to go out on a limb and give them the benefit of the doubt."

What's the next act in the susceptor saga? "My sources tell me that in six months, the FDA will announce proposed standards in the *Federal Register* requiring the materials used in susceptors to withstand higher temperatures than the current standards specify before they can be approved for high-temperature use," says John Purcell, a spokesperson for the National Frozen Food Association.

Schwartz will not confirm this information, saying only that "We are evaluating the data from other industry sources. We may conclude that we don't have enough data to regulate any of these things, and we're back to square one. Or we can come out with a regulation saying that these materials can only be used at lower temperatures, which effectively bans them from use in susceptors." In any case, the susceptor issue is starting to heat up.

—RUTH PAPAZIAN

SHOW YOUR PRODUCTS AT THEIR BEST WITH GRAINWARE DeliWare™

Take a Good Look at the Benefits of Grainware DeliWare™ Products:

- Sizes and Shapes to fit your every need
- Colors to enhance every presentation from salads and deserts to specialty foods
- Unlike ceramics, DeliWare is resistant to chips, cracks and breakage, which means your profits won't be shattered

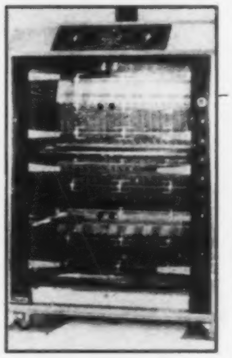
Write or Call for more Information on DeliWare:

grainware™ DeliWare™

2600 N. Pulaski Rd.,
Chicago, IL 60639-2197
312/489-2600

THE ROTISSERIE OF THE PRO'S
50 Chickens in 55 Minutes

The Necessary Tool For Your Delicatessen



- Fully Automatic
- 6 Gas models
- Interior and front panels in decorative enamel
- Bottom Panel in refractory brick
- Quartz lamps for
- interior lighting
- Security gas faucets with safety pilots
- Individual motorized spits
- Cast-iron panels for maximum heat utilization
- Manageable and easy to clean
- UL/NSF
(And it's affordable)

Call or write for details

5315 Laurel Canyon Blvd. #101
N.Hollywood, Ca. 91607
(800) 933-9255 FAX:(818)762-3503

Rotisol, INC.

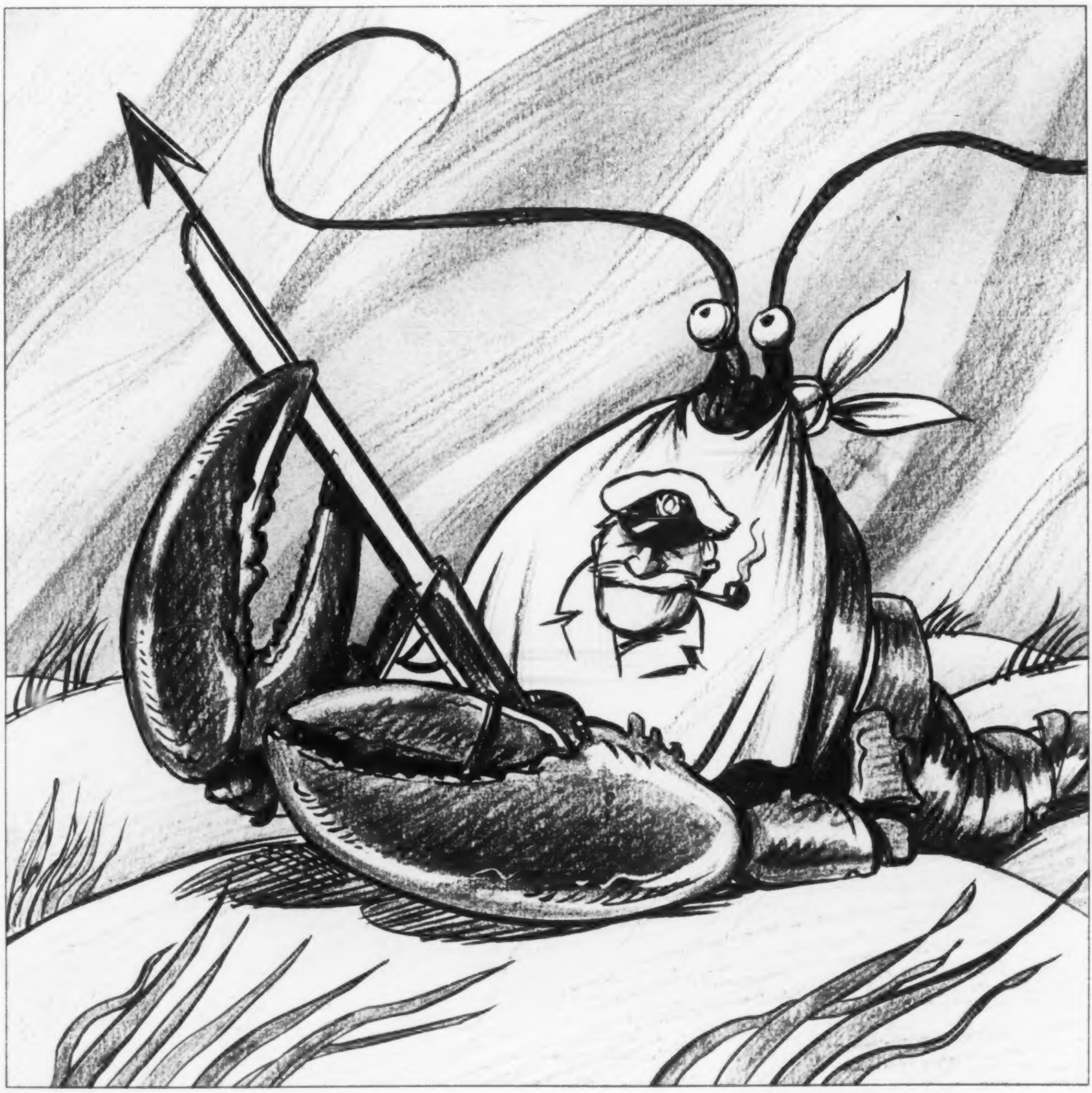


Illustration: Steve Swerny

Rising consumer confidence and technological advances are helping to drive seafood consumption to record levels.

SEAFOOD

■ Changing consumer eating habits, a wider variety of offerings, and technological advances in aquaculture and improved handling of seafood by retailers have resulted in record seafood consumption of 15.9 pounds per capita for 1989, according to the National Fisheries Institute (NFI), an Alexandra, Va.-based industry association. Some industry experts foresee consumption rising to about 17 pounds per capita this year alone. And consumption is expected to continue climbing throughout the decade. In fact, Lee Weddig, executive director of the NFI, anticipates that consumption will rise to more than 20 pounds by the turn of the century.

The top 10 category leaders in fish and seafood in order are: tuna, shrimp, cod, Alaska pollock, catfish, clams, flounder/sole, salmon, scallops and crabmeat. These species account for almost 12.5 pounds consumption per capita. More importantly, two species, catfish and Alaska pollock, are gaining as advances in aquaculture and as more sirimi-based products are being developed.

This rise in consumption follows five years of steady growth—interrupted only in 1988, when several problems, including concerns over pollution and increasing prices, contributed to a decline.

NFI's Weddig expects that despite recent shortages in key items and the subsequent price increases it will engender, consumption will continue growing.

Weddig explains the growth of seafood this way: "I think there are a lot of factors that have contributed to the heavy growth we have had throughout most of the decade. I think a major part of it is the desire on the part of consumers for lighter and more healthful meals. Supermarkets are reacting to that by putting in seafood counters. We're not sure whether that is a response to rising demand or a response to greater availability that would then drive greater consumption. Either way, consumption is up and will continue to rise."

Perhaps the biggest impact on the industry has been made in the field of aquaculture. Raising fish on farms has helped stabilize price and supply, and has helped catapult catfish into the top five slots on the consumption chart.

Aquaculture is having a tremendous impact, says Weddig. "Available supplies are being harvested to their limit. For the most part, our natural resources are harvested to their maximum sustainable yield. Some are being overharvested. We see aquaculture as a way of increasing availability. Aquaculture is definitely coming on strong and will

SEAFOOD

continue to be an important factor in this industry."

Al Kober, buyer, merchandiser of seafood, meat and deli for Clemens Market (Lansdale, Pa.), notes that there still are a lot of problems with aquaculture, but agreed it will have a significant impact. Part of that impact will be freshness.

According to Jeff Franzblau, fresh seafood merchandiser, H.E. Butt Grocery Co. (San Antonio, Tex.), his company is increasingly relying on aquaculture precisely for that reason.

"We are giving maximum shelf life out to our customers," he says. "At H.E.B., we believe that freshness belongs to the customer, not to the warehouse or the service cases. And we're very serious about our commitment to freshness. We don't want to waste shelf life, we want our customers to have the maximum in their refrigerators. Aquaculture helps us provide that."

Federal inspection program

A federally mandated fish inspection program should also have a major impact. In general, seafood suppliers, associations and retailers are very supportive of such a program if it is designed specifically to deal with the industry's unique problems and challenges. Most suppliers and retailers agree that such a program would not only bolster consumer confidence in the product, but that it would help eliminate some of the shoddy operators.

Several bills are pending before Congress. The effect of the program will depend on how it is written into law and which government agency will assume responsibility.

One bill that has found favor with the industry would call for seafood to be regulated by the U.S. Department of Agriculture. Currently, seafood is under the jurisdiction of the Food and Drug Administration. The bill calls for the use of Hazard Analysis Critical Control Point monitoring and is state-of-the-art protection, says NFI's Weddig.

These two factors have given rise to increased confidence on the part of consumers and supermarket executives alike. Many supermarkets are aware of the vast opportunities this growth offers, and are targeting their seafood departments for expansion.

"Most major chains are into seafood now and are investing time and money into merchandising and customer services. Supermarkets are responding to consumer demand. Generally speaking, there have been some terrific advances in this industry on the part of supermarkets."

William Frank, president of the Morey Fish Co. (Motley, Minn.), confirms that retail customers are increasingly calling for federal inspection even though the program is a voluntary one. "It raises the cost of doing business, but it probably helps business as well," he said.

Clemens Markets has added a branded fresh fish program that has helped build its sales in the category, says Al Kober.

He explains that his supplier is willing to put his name on fresh fish and take it all the way to the consumer. "Their handling of fish from the water all the way to the consumer is a very different approach," says Kober.

With in-house processing, ShopRite can now offer more than 200 species of fish and shellfish to its customers.

He notes that the average supermarket is not making a lot on fish. "We are trying to turn that around; we feel that it is time now with the better handling process we have and with distributors shipping better products," he says.

But better in-store handling is another major component to increased sales. "We are trying to get retailers to display it right. They are losing a lot on shrinkage because they are not displaying properly; the moisture is seeping out. They replace the natural juice of the fish with water, and it just doesn't taste the same. A lot of the display methods are antiquated and do not preserve the quality of the product."

But he is confident that the industry has improved and will continue to do so. "There are more quality-conscious manufacturers and retailers. The advantage will go to those companies with sanitation under control and proper refrigeration and handling."

One large chain has added its own seafood processing plant. With this move, ShopRite became the first supermarket to have in-house processing. Now the company can offer more than 200 species of fish and shellfish. "This extensive selection is both the cause and effect of the 20 percent increase in seafood's popularity over the last decade," says Bob Marino, former seafood manager of Wakefern Food Corp.

Bob Crawford, seafood merchandiser, Dierbergs Markets (St. Louis, Mo.), believes that showing customers how to handle and prepare seafood helps build his sales.

Dierbergs' approach to building seafood sales is to make its counters information centers. "The whole idea is to get information to the customers, to be out there with the customer and to make that communication instead of waiting for them to come along and ask questions," says Crawford.

But that's not all. Dierbergs has recently added a new service: cooked seafood. "This program especially appeals to those people with very busy lifestyles. We are averaging better than 6 percent of total sales in cooked products, and it is still growing," he reports.

For Tim Kean, seafood/bakery merchandiser at Pay Less Super Market Inc. (Anderson, Ind.), demonstration programs help the company expose its customers to the product. They get the opportunity to watch cooking demonstrations, and even get to taste the product prepared by different methods.

"We do these about five to six times a week, depending on location," says Kean. "It's been an ongoing process. We do not see a large spike in sales but we are seeing a steady increase in growth, and that is what we're after."

The best way for retailers to successfully enter the seafood market, said Kean, is to do their homework. "Most haven't put forth the effort to learn the products. I also think they should take advantage of the opportunities available to them. It's out there, but they must put the financial commitment behind the program if it is to work."

"Cook your catch by color"

Perhaps one of the most innovative programs available to consumers through their supermarket fish counter is "Cook Your Catch By Color," the brainchild of Peter Gryska, manager of seafood marketing for H.E. Butt Grocery Co.

According to Jeff Franzblau, the company's fresh seafood merchandiser, the program is a private-label, color-coordinated cooking system in which each individual category is broken down into five basic cooking methods: boiling and poaching, baking and broiling, charcoal grilling, ready-to-eat seafood, pan-frying and sautéing, plus microwave.

"We are trying to make it easier for the consumer to cook seafood at home. In our marketing zone, consumers have been eating seafood out. With this program, we not only tell them how to cook it, we sell them the condiments, breading and sauces they need for any given fish."

In response to greater participation by supermarkets in seafood, suppliers are also taking a stronger stance in offering programs and support to their retail customers. David Ptak, vice president, Chesapeake Fish Co. (San Diego, Cal.), says, "We now have a lot of educational programs and many retailers are taking responsibility for promoting seafood properly, raising consumer confidence in the product and giving them the products they want. We offer training programs and are active in promoting seminars for the trade. This way we can make the retailer feel more comfortable about [fish]."

Ptak does note, however, that the successful retail marketing chains have a dedicated seafood expert. But retailers have to put the time and money needed into the program, or it won't work.

Frank, of Morey Fish, notes that seafood is a great profit opportunity for supermarkets. But there are problems with handling the product properly. Those who do not have the necessary training are losing a lot to shrinkage. "Too many retailers don't avail themselves of all the training and services that are out there."

—SANTIAGO MONTERO

Sales and new product introductions are increasing in the baby needs category, fueled by the current mini-boom in births. And despite their concern over the amount of space disposable diapers take in landfills, consumers are unlikely to switch to cloth diapers anytime soon.

Illustration: Steve Sweny

BABY NEEDS

■ Because the baby boomers keep having babies, they are creating a birth explosion of their own. In fact, in 1989 U.S. births totaled over 4 million for the first time in over 20 years. Births are up 85 percent since 1980. Census Bureau officials say this dramatic increase is due to the fact that more women in their thirties are becoming mothers.

The current birth boom has brought high times to baby products manufacturers, who have benefited from the bigger consumer base. All segments of the market report substantial sales increases, and most companies are putting money into launching new products and developing ways to make higher quality products.

Doubts about biodegradability

Over the past year, biodegradability has gone from being a hot topic to being put on the back burner. Throughout the disposable diaper industry, the sentiment that "nothing degrades in a landfill!" is echoed again and again. Consumers have their ears open for news of more earth-friendly alternatives, but parents are not switching to cloth diapers in multitudes. Linda Gibbs, a buyer/merchandiser for Hannaford Brothers (Scarborough, Me.), adds that most day-care facilities use disposables, and that that is a pretty substantial market these days. According to Arbitron/SAMI, disposable diaper sales are up 5.5 percent from June 1989. Disposables, in some form, are here to stay.

Scott Stewart, public affairs manager for Procter & Gamble (Cincinnati, Oh.), says, "The majority of consumers think that disposable diapers contribute much more to landfills than they do." He points out that if all disposable diapers and fast food containers were removed from landfills, 98 percent of the garbage would still remain.

Of course, some disposable diaper companies claim to be a few steps ahead of the industry giants. Bunnies, a California-based manufacturer, sells disposables made with a cornstarch-based plastic. While Bunnies doesn't claim to have the ultimate solution to the bulging landfill problem, they maintain that using a more biodegradable plastic is preferable to not changing one's plastic consumption at all.

Many experts claim that "degradable" plastics still produce landfill bulk and that using the new plastic products complicates the problem. Cloth diaper services or recyclable disposables offer possible alternatives.

John A. Shifferd, executive director of the National Association of Diaper Services says that, as of October 1989, diaper service sales were up 38.5

BABY NEEDS

percent from the previous year. (This year's data won't be final until October, but Shifferd assures there has been steady growth this year as well.)

The Association was formed in 1938, and for most of its existence has had moderate swings in membership and sales. Shifferd says, "We've had a steady growth pattern since the early 1980s, but nothing quite as spectacular as the last two years." Because there have been significantly more baby bottoms to cover in the past couple of years, both cloth and disposable diaper volume sales have been up.

Some industry spokespersons note that even cloth diapers exact a hefty toll on the Earth. They create water and air pollution from the steam and energy used to clean them and the fuel used for the pick up and delivery trucks, not to mention the waste created by the plants that make the diapers.

In addition to the plastic wrap on disposable diapers that is causing so much fuss, other factors that may hurt the environment include the dyes used on the packaging and the chemicals used to make the diaper fibers absorb liquids.

Source reduction strategy

Weyerhaeuser (Tacoma, Wash.) is the nation's largest private-label disposable diaper manufacturer. Gerald Sheehan, the director of planning, says that definitions of terms have become increasingly fuzzy these days. No one knows exactly what the word "biodegradable" means. In how many years does the material decompose? Under what conditions?

Nevertheless, Sheehan says, "Weyerhaeuser is trying to design diapers with less environmental impact. This includes the whole process of acquiring raw materials and making the finished product."

Weyerhaeuser tries to recycle the waste it creates, uses vendors who supply plastic film, pulp, and nonwoven material that meet its standards, avoids inks with heavy metals, and makes sure that, when burned, the materials will not release any toxins. Sheehan says the company's efforts are ongoing to keep finding new ways to improve their product—before and after it hits the shelf.

The single largest way to reduce waste, given a fixed number of disposable diapers sold, is to reduce the bulk of the product. Source reduction, as it is termed, is the number one priority in the Environmental Protection Agency's hierarchy for waste reduction.

In the past two to three years, Weyerhaeuser has made its diapers 50 percent thinner. Procter & Gamble's Scott Stewart remarks that their Luvs and Pampers contain 50 percent less material than a few years ago, and that today's packaging uses 80 percent less material than the cardboard that was employed last year. Joan Allen, director of corporate communications for Kimberly-Clark (Irving, Tex.), says that Huggies have decreased 35 percent in size from five years ago.

Linda Gibbs of Hannaford Brothers says that the compression is extremely popular for retailers, who have often had to resort to the very tops of shelves to store the space-hungry diapers.

Even cloth diapers exact a hefty toll on the Earth—water and air pollution from the cleaning process, fuel from delivery trucks, and waste created by plants that make them.

This past year, both P&G and Kimberly-Clark launched gender-specific diapers. Huggies for Him and Her was launched in April 1990 and was national by June. Already, numbers show that sales have been extremely promising. P&G's Luvs for Boys and Girls has been around since 1988. Because of its success, the company marketed gender-specific Pampers in Europe in early 1989, and completed its release in the United States in April 1990.

Linda Gibbs says that the new diapers are very successful, but that their stores still sell a significant number of the nonsexed diapers. Hannaford's stores will continue to stock the basic diapers "for those parents who still don't know what they have," jokes Gibbs.

Kimberly-Clark will begin shipping a new Huggies baby wipe to test markets in California soon. Allen says, "It's a nonwoven, clothlike product that uses the company's tissue-making expertise."

Gerber (Fremont, Mich.), in addition to being the leader in the baby food category, is one of the biggest manufacturers of baby bottles and nipples. Jim Lovejoy, director of corporate communications, announced that Gerber is introducing a new bottle sterilizer this year for use in a microwave. He says the new product is part of Gerber's efforts to allow parents to spend more quality time with their children.

Gerber's most significant new baby food introduction for this year is Gerber Baby Formula. In just 10 months, the product has achieved a 3.6 percent market share, with as high as 8 percent in some West Coast areas. Lovejoy says that the numbers are very encouraging in such a competitive market.

Infant formulas, which make up 60 percent of the baby foods category, according to the SUPERMARKET BUSINESS Consumer Expenditures Study (CES), showed and 11.5 percent gain in 1989, funneling an extra $144 million in volume toward grocery stores. But while the volume was there, margins weren't: At an average 5.2 percent, they rank as the lowest in the already slim-margin baby foods category.

Most retailers blame product availability at other price-competitive retail outlets. But despite the competition, grocery store share of the $1.6 billion infant formula business is holding at 87 percent, according to CES.

Also new from Gerber are fruit juices with low-fat yogurt, which Lovejoy reports have excellent distribution nationally, and tropical fruit desserts for babies. When the desserts, using such fruits as mango and passionfruit, were tested in Miami, where residents are familiar with the foods, sales increased an amazing 91.5 percent in a year. Nationally, the tropical fruit sales are up 19.5 percent.

Gerber has broken into the adult food market with Gerber Fruit Classics. These are ready-to-eat 4 oz. single serving cups that don't require refrigeration. Competing against such giants as Motts and Ocean Spray, Gerber has already gained a number two position in the markets in which it is sold.

Beech Nut was sold to Ralston Purina (St. Louis, Mo.) in November, 1989. In less than a year, according to spokesman Patrick Farrell, Purina has made the company profitable. In addition to corporate restructuring and moving Beech Nut's headquarters to St. Louis, Purina has improved the packaging and graphics of Beech Nut products, he claims.

The company is also becoming involved in several community service projects. Beginning this year, Beech Nut will be the first sponsor of the Lamaze program, underwriting the teaching materials for the popular classes. Beech Nut will also be participating in the First Moments hospital program, as well as a wallboard program for hospitals and doctors' offices.

Beech Nut's new products this year include two extensions for their yogurt line (apple and pear) and two new 32-ounce juices (white grape and mixed fruit). Farrell says Purina hopes to solidify Beech Nut's business and gradually enlarge the company.

Organic baby foods

Earth's Best (Middlebury, Vt.) is making a solid entry into the competitive baby food market. Begun in 1987 as an organically-grown pesticide-free food for babies, and sold solely to natural food stores, the company now does 75 percent of its business in supermarkets. According to John Eldredge, vice president of marketing, sales were up from $1.5 million in 1989 to over $5 million in 1990. Earth's Best currently features 20 items. This year, two new strained fruits, three juices, and two cereals were added.

Unlike some baby products brands, whose sales fluctuate greatly depending on in-store sales and coupons, Earth's Best enjoys a loyal following. Says Eldredge, 70 percent of parents who try their products continue to purchase them thereafter.

In the midst of this second baby boom, the future for baby needs products seems bright indeed.—KAREN ANDERSON

MUNCHOS
MUNCHOS
MUNCHOS
MUNCHOS
YUM BEAR
YUM
COOKY COOKIES
COOKIES
SOFT BATCH
CHOCOLATE CHIP
SALTED TOPS
SALTED TOPS
YUM BEAR COOKIES
ALL BUTTER
DOUBLE STUFFED
CRUNCH
LOW FAT
COOK'S
CAKES
CAKES
CAKES
CAKES
CAKES

Illustration: Arnie Ten

After a period of transition to products made with healthier ingredients, the category is once again being driven by promotions and prices.

BAKED GOODS

■ The healthy revolution in baked goods is virtually complete.

Now, little more than a year after it began in earnest, the category is poised for a return to its trade promotional roots. Actually, buyers have said, it never really left.

Last year saw a massive rush on the part of suppliers to rid their products of offending ingredients—a process that continues, albeit more slowly, today. In the process, tropical oils, such as palm oil and coconut oil, went by the boards, as did other fats, some sugar and salt.

The effort brought many customers lost to the fresh in-store bakeries back into the fold. But as more and more companies changed their formulations, making newer and better claims, consumers seemed to either retrench or become more fickle in their choices. Add to that scattered reports that the benefits of some ingredients—notably oat bran—were overblown in their claims. True or not, it gave some consumers pause.

All of it has conspired to keep the category price- and promotion-driven, with still-important help from a variety of new products and line extensions.

The leaders—Nabisco, Keebler, Sunshine, Pepperidge Farm and Hostess—continued their dominance of the category through their ongoing battles for market share. But the insurgents also left their market.

A highly successful rollout

Entenmann's (Bay Shore, N.Y.), by every account, is completing one of the most successful market rollouts in recent memory with its cholesterol free and fat free line. And, regionally dominant bakers also provided more than just an annoyance for the nationals.

Still, many buyers remain uninspired by the events around them. "No one's really doing anything exciting out there right now," offers Jerry Malone, DSD merchandiser/buyer for Allied Supermarkets (Detroit, Mich.). "The Entenmann's no-fat items are still doing a good job. Their business is up 40 percent in some stores."

Malone tags Nabisco, Hostess and Wonder Bread as the region's leaders. Most of the breads, he said, have already completed their conversion to no-cholesterol formulations. But while they sold well initially, the category has begun to level off.

Likewise, many of the oat bran products that earlier swamped the market have now peaked, Malone says.

Hostess's new low-fat blueberry muffins are currently

BAKED GOODS

doing very well, he adds. Additionally, a local company, Grand Rapids-based Archway, is making important strides and is aggressively couponing its products, according to Malone.

Few really new products

Perhaps most significant, he suggests, are Nabisco's Ritz Crackers. The firm came out with peanut butter, and is now adding a sharp cheese flavor.

"It looks like another winner. But [beyond these] there's really been no new breakthroughs out there. Most of the other products are about the same."

The market, Malone maintains, is being driven by deals—mostly trade promotions that include some advertising allowances from the majors, such as Pepperidge Farm, Nabisco and Keebler. Those work best when they can translate directly into consumer savings of 15-cents to 20-cents each, he says. The deals have slowed somewhat lately, however, because of Allied's impending acquisition by Kroger.

Bowing to the price position of the category, however, the retailer regularly monitors area competitive prices. The company produces price checks for many items weekly, while others are completed on a quarterly basis.

> **'Mainly, we're seeing very heavy trade promotions. We're seeing more buy-one-get-one-free offers. Some of the smaller companies are becoming very aggressive.'**

While price remains important to the final purchase decision, ingredients and formulations play an important balancing role, according to Barbara Harris, commercial bakery buyer for Harris Teeter, Charlotte, North Carolina. Consumers remain committed to the well-established areas of lower-fat and cholesterol-free products, she says.

"The no-cholesterol items are picking up," Harris says. "People are interested in them, and if the item isn't fat-free, they'll put it down and go to something else.

"Entenmann's is doing a very good job, but the category, for the most part, has been standing still. We've been in the process of trying to rework [our assortments] to find what sells best."

She also cites American Bakeries' white bread products, but noted that some companies have completely discontinued some items, such as oat bran, apparently because the business just wasn't there.

For Brookshire Food Stores, Tyler, Texas, Entenmann's has scored well mostly at upscale store locations, according to Rick Ellis, director of grocery purchases. That's mainly because consumers will more easily bear the price points and are less comparative in their shopping habits, he indicates.

On the national side of the business, Nabisco is the dominant player. But regional players, such as Mrs. Baird's, which makes sliced breads and cakes, have a very strong following also.

Ellis identified Mother's Cookies as probably the fastest growing brand. The appeal is more toward children and the company sponsors a variety of kids' programs, including safety programs and a "Kids' Week" in October.

"Health-conscious products have been leveling off," he says. "As a result, both trade allowances and couponing become more important. It's important to keep promoting them."

Fat-free reformulations

Still, Ellis reports that the biggest events of the year were the switching over of both Keebler and Nabisco products to a fat-free formulation in most cookie and cracker products—moves that have won his praise and approval.

According to Ellis, a testing of the products indicated that the tastes were slightly changed, but not for the worse. So far, sales results indicate the companies made the right decisions.

Sunshine, he points out, has made its products with vegetable shortening for years.

Ellis also notes that despite consumer taste or ingredient preferences, promotions are still what drives the category; there's only limited brand loyalty. Still, the business, overall, has been up.

While the industry rushed to embrace healthier formulations, salesmen's presentations to buyers lately have been downplaying those distinctions, possibly because they're no longer as distinctive, according to a buyer for Nob Hill General Stores in Gilroy, Cal. The salesmen present it as purely promotional, the buyer stated, talking about advertising supports, in-store merchandising, couponing and ad allowances.

Continental Bakeries' products and Wonder Bread have continued to dominate portions of the line, along with Nabisco for the cookie and

PROCTER & GAMBLE NOTICE TO OUR CUSTOMERS

ATTENTION: STORE MANAGER/OWNER

We offer annual funded Marketing Agreements to all retailers in the U.S.A. Payments are made for performance under the applicable plan: FMA plan—purchase, distribute, or reduce price; CMF plan—purchase and/or distribute cases for print/electronic media featuring and/or display and/or price reduction and/or in-store sampling/couponing and/or selling/consumer shows. Other programs involve distribution by agencies of product coupons and samples in stores, in various markets at various times. Also, we offer display material, newspaper proofs, etc., to assist you in merchandising our brands.

Details are set forth in specific agreements. These offers are practical and usable by all retailers regardless of size. You may now be performing under an agreement, and payments are being made to you or your headquarters or wholesaler on your behalf. In some instances, wholesalers commingle these funds for the benefit of all their retail customers.

If you are not receiving benefit of these offers either directly or through your wholesale supplier and would like to do so, send your name, address and telephone number to Procter & Gamble, Box 162, Cincinnati, Ohio 45201 and we will contact you. Please specify the Company product line.

Beauty Care Sector
Health Care Sector
Food/Beverage Sector
Paper Sector
Soap Sector

centrated more on line extensions than purely new products. He noted that, "Oreos used to have just two styles 10 years ago. Now they have about 14 different styles."

Brand proliferations have resulted in a more careful assortment strategy for the retailer, the buyer said. When a new item is added now, salesmen are often prodded to suggest an item—one of their own—to be dropped.

At Hy Vee Stores, Chariton, Iowa, Nabisco and Keebler dominate the national brands line, along with representation by Sunshine. But the company's own private label enjoys immense popularity, according to Dan Lugar, purchasing specialist.

While the nationals promote most heavily during soup season—fall through spring—Hy Vee's crackers are 12-month sellers, he says.

Lugar reported that while there is a strong continuing consumer interest in healthful products, sales results have begun to level off. "I'm not sure what happened with all the health-oriented products," Lugar said. "I think some of it was oversold; people found that some of the claims that were being made just weren't being borne out."

Part of it, he suggested, may have been that consumer was getting too confused over which brand was better. It may be that the consumer was just getting too confused, Lugar says. "Yet, if the product *doesn't* contain those [health] features, it's not going to sell."

In the meantime, there has been an increasing emphasis on youth-oriented products. Keebler has been experimenting with items carrying more of a kid's appeal, he noted. The company's Magic Middles, for instance, now have sprinkles, which will be included in more of its products, Lugar reports.

Hy-Vee's private label is also getting into Grammy Bears and items similar to Nabisco's Oreos and Chips Ahoy, he says. It's very much a situation of going after kids and appealing to their sweet tooth.

More and more regional companies are also going in that direction, according to a St. Louis-based buyer for a major Midwest chain. He cites Delicious Cookies and its new Ninja Turtle cookie.

They've been among the major introductions during the past year, along with reformulations such as Nabisco's Ritz peanut butter cracker and the new Cheese Mini Ritz.

Aggressive price promotions

He identifies Nabisco, Keebler and Mrs. Allison's, a regional brand, as the dominant players.

"The health-conscious formulations, if they're being pushed at all, are being pushed more quietly than last year, at least in this market," the buyer says. "Mainly, we're seeing very heavy trade promotions. More than double coupons, we're seeing more price, buy-one, get-one free offers, which have become the big thing. Some of the smaller companies have become very aggressive with those offers, and it's worked for them very well."

He also notes that many items are aimed at winning additional shelf space, a gambit that has only worked to very limited degrees.

All of the chain's major suppliers are showing sales gains, ranging from 5 percent to a high of 20 percent, the buyer reports.

Nabisco, Mother's Cookies, Keebler, Sunshine and Pepperidge Farm are the leaders at Jumbo Markets, Sacramento, California, according to Bruce Patterson, director of grocery operations.

While the business, overall, has been relatively flat, new cookie and cracker items are generally doing well, he says.

"It's nothing like what it was about a year ago when all the line extensions and size changes started to come out," Patterson noted. Entenmann's Light, with no fat and no cholesterol, is the most significant change or addition to the line, according to Patterson. While in the market only a couple of years, the new offerings are continuing to do well, along with the rest of its line, he says.

In breads there's a tremendous move toward the healthy kinds of breads and the variety breads, Patterson reports. In some cases, prices have risen to nearly $2 per loaf, and the company has begun wondering whether there is a top price point for the items. The phenomenon is most apparent in the wheats and brans.

The lite cakes from Hostess and Dolly Madison have done relatively well, he says. The earlier sales gains have flattened somewhat.

Jumbo has also noted a trend toward more product introductions directed at children, with characters or animals such as dinosaurs and teddy bears. In the normal product line, no-cholesterol and no-salt products are still important, he said.

The biggest problem, Patterson noted, is with the chain's DSD distributors. Allowing that the distributors generally do a good merchandising job in the stores, Patterson made the case that sales are being lost for lack of adequate follow-through on promotional activities.

"It seems like I'm always getting a new call for a promotion, authorizing the promotion, but that's as far as it gets. Their execution could be a lot better, especially with a category that's so profitable when you consider its turnover."—BRENT H. FELGNER

NOTICE TO ALL RETAILERS

Pillsbury Coupon Redemption Policy

The Pillsbury Company ("Pillsbury") is removing much of the language from the face of its individual coupons and publishing its coupon redemption policy under which Pillsbury will reimburse you for redeeming Pillsbury coupons. Your redemption of Pillsbury coupons signifies compliance with Pillsbury requirements which are:

1. A Pillsbury coupon is redeemable only if used by your customer for purchase of the Pillsbury brand(s), size(s), flavor(s) and/or combination thereof, if any indicated on the face of the coupon, and by your deducting the face amount of the coupon from your retail selling price in effect at time of purchase.

2. No coupon may be submitted to Pillsbury for redemption which has been reproduced or altered in any way.

3. No coupon is assignable by the retailer. Coupons which have been transferred from the original recipient to any other entity(s) or person will be void and not redeemed by Pillsbury.

4. Any coupon is void if taxed, licensed, or prohibited by law.

5. Pillsbury has no obligation for payment of any tax (including sales tax) in connection with any coupons.

6. Only one coupon of any type may be used per unit purchased unless otherwise provided on the coupon itself.

7. You agree to provide Pillsbury on request proof of purchase of sufficient Pillsbury product during the submission period to cover coupons submitted by you for payment, based on your current rates of coupon usage on the purchase of product indicated.

8. Coupon redemption value may not be deducted from Pillsbury invoices. Redemption payment will be made only by Pillsbury.

9. Pillsbury coupons can be submitted directly or through a Pillsbury approved clearinghouse acting as your agent. A list of approved clearinghouses is available upon request.

10. You will be reimbursed for the face value of the coupon or, if the coupon calls for free merchandise, for your retail selling price in effect at time of coupon use plus an amount set forth on the coupon for costs of handling each coupon.

11. Failure to observe these terms for proper redemption may, at the option of Pillsbury, void all coupons submitted for redemption. All such coupons may be retained as property of Pillsbury without payment.

12. Coupons must be redeemed in accordance with the terms of the expiration date, if any, on the face of the coupon.

13. All suits involving issues of coupon redemption shall be governed by the laws of the State of Minnesota, and shall be venued in any state or federal court of competent jurisdiction in the State of Minnesota. Each party waives any and all objections it may have over personal jurisdiction, and each party shall be responsible for its own attorneys' fees and costs.

Pillsbury

THE PILLSBURY COMPANY
1100 Mendelssohn Avenue North
Golden Valley, MN 55427
1-800-767-3233

Lite
Miller
HIGH LIFE
A FINE PILSNER
Miller
Genuine Draft
HARVEST
THANKS!
HELP THE HARVEST AT
YOUR LOCAL FOOD BANK

A THANKSGIVING PROMOTION THAT WILL HAVE YOU GOBBLING UP THE PROFITS!

This November, kick off the holiday season with Miller's Thanksgiving promotion, which is sure to bring in a harvest of sales, while helping others.

This promotion is designed to feed those less fortunate during the holiday season. Every time you sell a case of Miller premium brands,* Miller will make a cash donation to local food banks nationwide.

Thanksgiving is a bountiful selling season and this year Miller asks that you and your customers help fill the food banks.

- Cents-per-case donation to local food banks.
- Contemporary Thanksgiving P.O.S.
- FREE take-one holiday television sports schedule.

*Donation based on select packages of Miller High Life, Miller Lite, Miller Genuine Draft, or Miller Genuine Draft Light purchased during November, 1990.

THE MILLER ADVANTAGE. PROFIT FROM IT.

1-800-MBC-BEER.

Miller

MILLER BREWING COMPANY REMINDS YOU TO PLEASE: THINK WHEN YOU DRINK

Miller Brewing Co., Milwaukee, WI

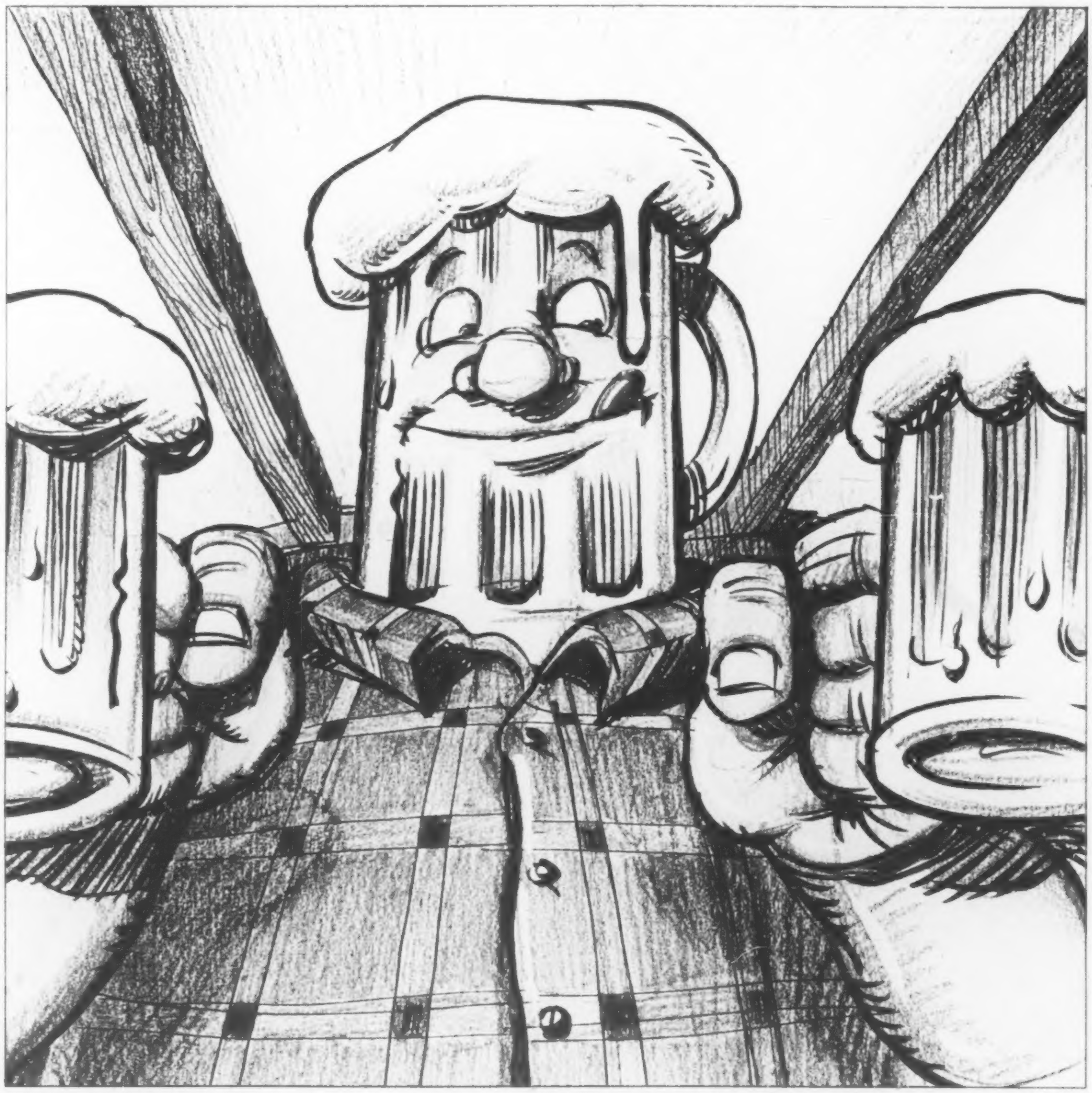


Illustration: Steve Sweny

The big are getting bigger in the domestic beer business, while importers expect that consolidation will put the sparkle back in a flat market.

BEER

■ There is good news in the domestic beer business—if, that is, your name is Anheuser-Busch, Miller or Coors.

The Big Three keep getting bigger, at the expense of secondary brewers and, to some extent, imports.

In the supermarket, domestic brewers posted even larger sales gains in 1989 than in 1988, but, for the most part, that reflected the replacement of some lower-priced beers from secondary brewers such as Strohs and Heileman by premium, lite and dry products from Anheuser-Busch, Miller and Coors. According to brewers, case movement was flat.

But sales were up in dollar terms, indicating that major brewers are getting the most out of a weak market. Imports, on the other hand, seem to be languishing.

U.S. brewers and importers say a number of reasons—including inflation—are responsible for the increased dollar volume. But they agree that the development, introduction and national rollouts of the new premium, light and dry beers have put some fizz back into a flat domestic business.

Tom Rubel, of Miller Enterprises, Inc. (Crescent City, Fla.), which owns both supermarkets and convenience stores, agrees there is a reapportioning of the market among the better-known domestic and imported beers.

"We haven't noticed an increase in sales, just a change in distribution around the industry," he says. "The big factor continues to be the advertised price point."

Anheuser-Busch, Miller and Coors contend that their marketing muscle is an important factor for supermarkets as they decide which beers to carry, especially in the cooler.

"It's a question of more of the same," says Dave Fogelson, a Miller Brewing Co. (Milwaukee) spokesman. "Supermarkets are working more closely with brewers, taking advantage of more promotions and cross-merchandising more. For that reason, they should devote more cooler space to brands that advertise and promote aggressively, instead of offering a variety. The variety can be offered on the shelf."

The intense competitive environment in the beer industry certainly has helped strengthen the top three brewers. Yet every silver lining has its cloud. And activity at the government level has domestic brewers looking over their shoulders. In addition to drunk-driving and health issues, brewers have been swept into a number of new controversial public policy debates:

- Soon after President George Bush's lips spelled out a new position on taxes, beer became a prime candidate for excise taxes aimed at closing the federal budget gap. That beer became a prime candidate

BEER

for taxation surprised no one. But brewers were shocked at the level of taxation involved. Some proposals could boost the current federal beer tax by 400 or 500 percent. And this on top of moves by several states to boost excise taxes they charge.

- Legislation sponsored in the U.S. House of Representatives by Rep. Joseph Kennedy II (D-Mass.), and in the Senate, by Sen. Albert Gore (D-Tenn.), would force brewers to add warning messages to beer advertising, including television slots.
- Anti-drunk-driving activists want brewers to withdraw advertising from motor sports.
- Religious leaders and activists in black and Hispanic communities have attacked manufacturers of tobacco products and alcoholic beverages for directing a disproportionate amount of advertising at minority communities.

Brewers strike back

Reaction to these issues has been mixed. Most major brewers are addressing problems through the Beer Institute, a trade organization. But not Anheuser-Busch Cos. (St. Louis). Although acknowledging that the problems have individual origins, Anheuser-Busch contends that the beer industry has become a high profile target for various zealots opposed to any sort of alcohol consumption.

"Our critics have taken these campaigns to the point of absurdity," says Steve Lambright, vice president and group executive at Anheuser-Busch. "We're not ducking the issues. We know alcohol can be abused. But the statistics on drunk driving and other indicators of abuse are all going in the right direction. The critics ignore the 80 million responsible beer drinkers in this country."

Anheuser-Busch has focused its resources primarily on excise taxes because the company believes that any action against its marketing program won't go anywhere this year—but excise taxes might. So when Anheuser-Busch realized the extent of the tax proposals, the company shifted several existing, but low-profile, programs into high gear.

The company launched an advertising effort—separate from a Beer Institute campaign—and a grass-roots political campaign to focus beer-drinker dissatisfaction with the proposed taxes right at legislators. The company even set up an 800 number. Each call generates Mailgrams that inform the caller's U.S. representative, senators and the White House of his or her opposition to excise taxes.

The other major U.S. brewers are concentrating their efforts on Beer Institute programs. The organization has organized a coalition including various business leaders from the sports and entertainment communities who oppose ad warnings.

It also released results of a poll revealing that three of five Americans don't believe that warnings in beverage advertising will be effective in fighting alcohol abuse. And the Beer Institute is placing print advertising pointing out that beer is taxed at a higher rate than other consumer goods, including luxury goods. In the ad, a woman wearing a diamond bracelet is used to make the point visually.

A Beer Institute advertisement points out that beer is already taxed at a higher rate than many luxury goods.

According to Jeff Becker, vice president of alcohol issues at the Beer Institute, the Institute's effort alone produced 120,000 letters to Washington in the first two weeks of the effort, and hundreds of thousands more since.

In cooperation with the Beer Institute, brewers around the country, including Miller Brewing Co. (Milwaukee) and Coors Brewing Co. (Golden, Col.), also are organizing employee and vendor support on their antitax efforts.

"We want to let congress and the public know that this is a regressive tax," says Steven Forsyth, communications director at Miller Brewing. He says that a large tax will affect not only the price of beer, but the health of the brewing industry.

In spite of legislative clouds on the horizon, the outlook for the major brewers remains relatively rosy. Each has its own stars, either new products or ones that only recently reached national distribution.

Among the key products credited by the Big Three for their resurgence are Michelob and Bud Dry and a nonalcoholic brew, O'Doul's, at Anheuser-Busch; Genuine Draft and Sharps, another nonalcoholic, at Miller; and Extra Gold, Coors Light and Keystone, a popularly priced beer, at Coors.

Such introductions have forced some secondary brewers to retrench from the national positions they took in a mid-'80s marketing offensive. But Bill Eiler, director of public affairs at G. Heileman Brewing Co. (La Crosse, Wisc.) points out that a strategic retreat doesn't constitute a rout.

He points out that several Heileman products, such as Colt .45 Malt Liquor and Kingsbury nonalcoholic beer continue to be top national sellers in their particular niches. As for the companies other products, such as Old Style, its most famous brew, Heileman has conceded certain areas in an effort to bolster sales in stronger markets.

"With some core brands, we've purposely put emphasis on core markets," says Eiler. "The industry has seen a planned decline in some marketing areas designed to create better profits for those core brands."

While Heileman focuses on profits, the Big Three brewers continue to introduce new products. For example, Anheuser-Busch has recently rolled out Busch Draft.

The superpremium category—which competes with imports and has been relatively weak for some years—has been deemed ripe for growth by all three major U.S. brewers. Coors introduced its Killian's Irish Red superpremium beer in cans for the first time this summer as a test. In 1987, the company rolled out Winterfest nationally. A seasonal superpremium introduced in Colorado a year before, Winterfest is offered only during the Thanksgiving through New Year's.

Last year, Michelob Dry joined Michelob and helped revive Anheuser-Busch's superpremium line, which also includes Michelob Light. Anheuser-Busch has a limited distribution of a product it characterizes as an "ultrapremium" brew called Anheuser Märzen. According to a spokesman, this selected placement doesn't constitute a test, but limited distribution based on a limited brewing schedule.

And, in the fall of 1989, Miller began to jockey for a piece of the hot superpremium/import light market with Löwenbräu Light.

Yet, at least one importer credits lack of a strong domestic superpremium beer market as an important reason that foreign beer sales have been relatively weak in the U.S. for the last two or three years.

"The price disparity between domestic and imported beers has become more apparent since the superpremium price bridge has collapsed," says Paul Block, corporate marketing director of the Guinness Import Co. (Stamford, Conn.)

Block doesn't believe, however, that slow sales now mean that imports face a flat future. He says the industry restructuring that will lead to future growth is already taking place.

Consolidation will be of benefit to importers, giving them broader lines to work with and better distribution. As an example, Block points to Guinness Import's acquisition of All Brands Importers this year. The acquisition added a group of Canadian, Mexican and one Czechoslovakian beer to Guinness's portfolio.

Block adds that a change is developing in consumer preference within the import category. Classic brews, rather than newcomers, are drawing consumers more concerned with tradition and taste than trendiness.

So the outlook for beer in food stores is one of guarded optimism. And some supermarkets are putting their money where their outlook is.

D'Agostino's has its own private label beer, produced by a New York microbrewer, Manhattan Brewing. The upscale brew is set to compete at the superpremium/import level. —MIKE DUFF

Illustration: Arnie Ten

While some categories lagged, vegetables bounced back from the drought. Value-added products such as microwavable, shelf-stable meals contributed to a 10.1 percent increase in supermarket sales.

CANNED GOODS

■ Value-added vegetable dishes, shelf-stable prepared entrees and new juice blends combined with tonnage gains on drought-rebounding basics to give canned foods a 7.6 percent dollar-volume boost at supermarkets, according to the SUPERMARKET BUSINESS 1990 Consumer Expenditures Study (CES). That raised the 1989 total $944 million to $13.6 billion.

Prepared foods

Canned and shelf-stable prepared foods advanced faster than other categories in dollar growth. The 9 percent increase in supermarkets meant a $127 million increase for a subcategory total of $1.55 billion, according to CES figures, and the growth of microwavable shelf-stable sections had a visible impact along canned food aisles.

"We started with a four-foot section, went to eight, then 12. Pretty soon, we'll probably have half a gondola devoted to shelf-stable food in microwavable containers," says David DiGeronimo, vice president and grocery buyer for 13 stores run by Victory Super Markets (Leominster, Mass.) "People are into quick eating. It's insane."

While most manufacturers insist growth in microwavable prepared foods only nibbles at their canned cousins, DiGeronimo sees active cannibalism. "It's taken away from the traditional stuff. Funny thing, though, it's the same stuff—it's just a new container. And people are paying for it—paying more for the microwavable container.

"If people want value," DiGeronimo continues, "they should buy the same thing in cans, and put it in their own bowl before putting it in the microwave." He adds that product duplication puts more pressure on shelf space without yielding a proportional increase in consumer demand. "The SKUs are out of control."

"I see the [shelf-stable microwavable] category, as a whole, [as being] where Lean Cuisine was 10 to 15 years ago," says Bennett Mark, director of grocery for 26 D&W Food Centers (Grand Rapids, Mich.), which have four-, eight- and 12-foot microwavable sections.

"In some cases, we've seen the product that's come out—tips of beef, shrimp Alfredo—as being too high-end. It's difficult to get the consumer interested in that. It's like it was when Lean Cuisine first came out. When they came out with more lower-end products, that's when we saw continued growth."

Microwavable growth

While price levels and product duplication remain a concern, few retailers are standing in the way of consumer demand for microwavables and category growth fueled, at least in part, by newcomers.

"We think microwavable foods are enjoying pure growth, that new users are being brought into the category," says Allan Krejci, a spokesman for George A. Hormel Co. (Austin, Minn.).

Long known for its canned prepared foods under the Hormel and Dinty Moore brands, Hormel introduced microwavable Top Shelf tray entrees in March, 1987, which went into national distribution last summer, and now has 16 items in the line. Hormel Microwave Ready Entrees followed in January, 1988.

Hormel chili (with and without beans) and Dinty Moore Beef Stew were launched in April, 1989, rolling national earlier this year. The company is now testing seven Kids Kitchen shelf-stable entrees, which debuted in Denver, Phoenix and Indianapolis in early 1989.

Few retailers are standing in the way of consumer demand for microwavable shelf-stable products.

American Home Food Products (New York, N.Y.) also questions the level of cannibalization between its traditional and new retorted products, noting "steady sales gains" among its Chef Boyardee canned pasta despite "explosive growth" of its 16-item Chef Boyardee Microwave Meal pasta line.

Dial Corp. (Phoenix, Ariz.) is also riding the "wave" of microwavable prepared foods, which it estimates is a $520 million category. Last month, the company rolled out its six-item Light Balance line to 70 percent of the country, complementing its now-established Lunch Bucket offerings.

A high "nutritional profile" was also important to Pet Inc. (St. Louis, Mo.), which introduced a six-item line of shelf-stable pasta and meat dishes under its Progresso label to test markets early this year. While items include glazed white meat chicken and pasta primavera with red sauce, the company is "very careful about calling it a premium product," according to Les Landes, a company spokesman. "We certainly have hopes that it will compete effectively with frozen entrees, but it's really positioned as a product for the lunch market."

Kraft General Foods (Glenview, Ill.) has pared down its microwavable shelf stables and changed the name from "Impromptu" to the less esoteric "Kraft Microwave Entrees," according to Kathy Knuth, a spokesperson. First tested in Cincinnati and Phoenix in late 1988, the nine-item line has expanded to Salt Lake City, Denver, Indianapolis, Louisville and Toledo. Suggested retails range from $1.99 to $2.79.

Tonnage gains contributed to dollar volume increases in basics such as peas (up 16 percent), corn (15.2 percent) and green beans (up 14.2 percent). Those dollar gains helped boost 1989 supermarket sales 7.6 percent above 1988 levels to a supermarket total near $2.6 billion, according to CES figures.

"The growth in canned vegetables seems to be coming from the value-added brands, adding red pepper to corn, and putting gourmet vegetables in cans," says D&W's Bennett Mark. "Those things are promoting category sales, and they offer a few more pennies per item in profit over the more traditional canned corn, peas and beans."

Del Monte's (San Francisco, Cal.) 10-item line of shelf-stable vegetables in microwave-ready containers, with suggested retails tested near the $2 mark, are a convenient, value-added case in point. The line, introduced to about 5 percent of the U.S. in late 1988 and 15 percent in late 1989, is expected to be nationally distributed by January 1991, according to Dee Ann Campbell, a spokesperson.

The microwavable vegetable line pairs unusual combinations of "mainstream" vegetables with sauces that have a distinct "flavor profile."

Under its Green Giant label, Pillsbury (Minneapolis, Minn.) has seen strong trade and consumer acceptance for Garden Medley, a blend of green beans, corn and crinkle-cut carrots which rolled nationally earlier this year.

Continued on page 150

SAVE THE PLANET
100% Recyclable
KEEP AMERICA BEAUTIFUL
Steel the recycled material
ENVIRONMENTALLY SAFE

Steel cans have been attracting a lot of attention lately.

More and more of your customers are finding recyclable steel cans to be an attractive solution to today's solid waste problem. Curbside recycling programs are diverting increasing amounts of steel cans away from landfills. And magnetic separation makes steel cans one of the easiest materials to pull from the waste stream.

Currently, over 90% of canned foods are packaged in recyclable steel cans. And the number of beverages packaged in steel cans continue to grow.

Products packaged in steel also offer tamper resistance that consumers prefer two to one over other containers.

On your shelf, no other material stacks up to steel. Superior design means easier, more efficient stacking. And the increased strength of steel means fewer dents and leaks.

For more information on the advantages of steel cans, write the American Iron and Steel Institute, 1133 15th Street, NW, Washington, D.C. 20005-2701.

The future is contained in recyclable steel.

Steel the recycled material

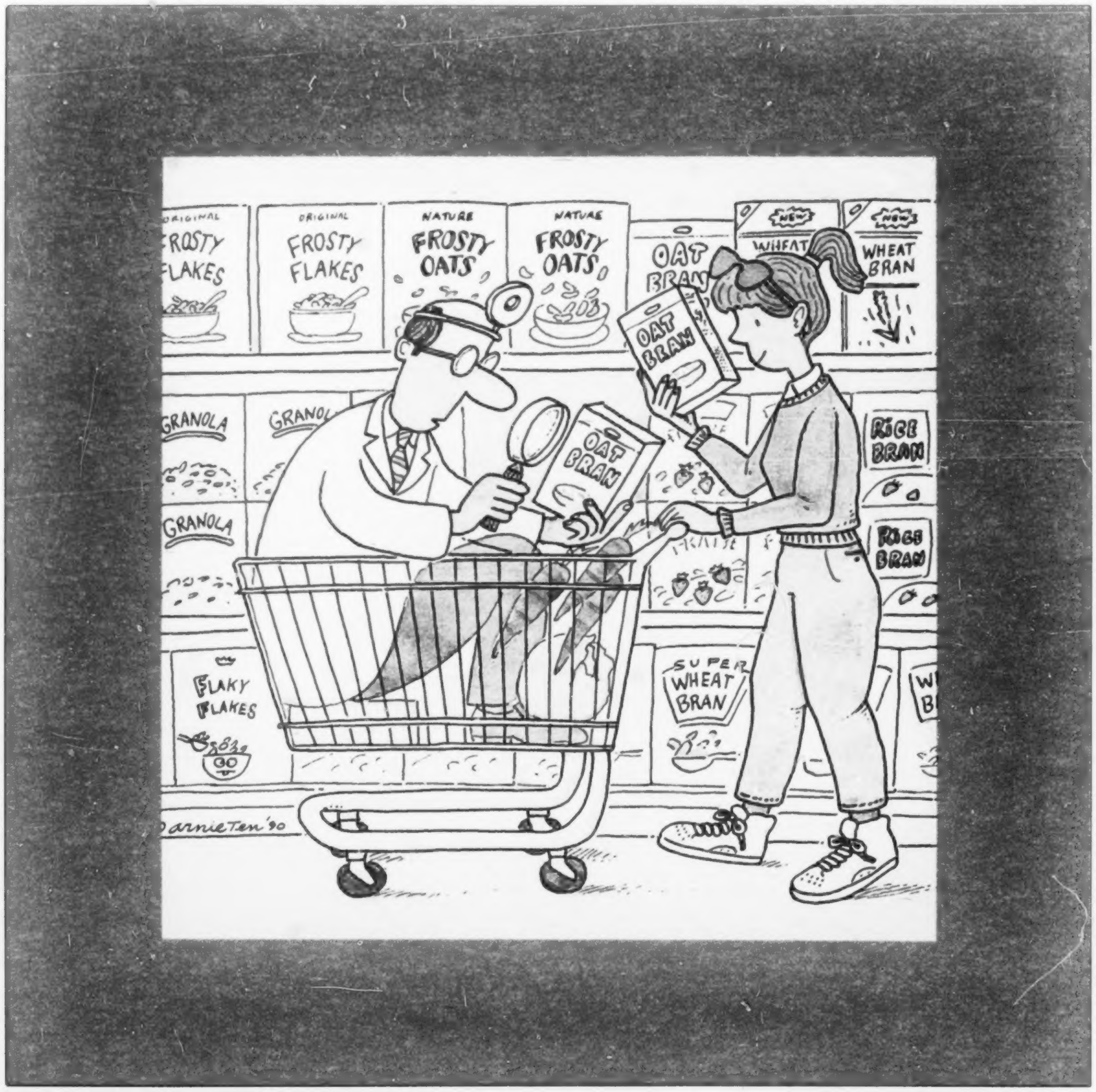


Illustration: Arnie Ten

Ready-to-eat cold cereals—and, on a smaller scale, hot cereals—remain a no-hassle and healthy alternative to traditional bacon-and-egg breakfasts.

CEREAL

■ Consumer health concerns, combined with perceptions of oat bran as a miracle ingredient of sorts, helped the cereal category kick to a powerful finish as the 1980s came to a close. A bit of historical perspective shows how far the ready-to-eat (RTE) cereals have progressed in 20 years.

Back in 1970, RTE cereals were a $659 million business in supermarkets, according to SUPERMARKET BUSINESS's Consumer Expenditure Study (CES) data. By 1979, RTE volume swelled toward the $1.9 billion mark in supermarkets. At the end of last year, the category was churning more than $4.8 billion a year in supermarkets, a 14.4 percent increase over 1988 levels.

The dollar, of course, isn't as valuable as it used to be. But it's interesting to note that the one-year dollar increase for cold cereals from 1988 to 1989—a $612 million gain—came within 7.6 percent of the total category volume done in 1970.

The year of oat bran

A significant part of last year's 14.4 percent increase in volume came from the oat bran craze. Total volume generated by RTE cereals featuring the words "Oat Bran" soared from $34.9 million in 1987 to $105.2 million in 1988 to $328.2 million in 1989, jumping from 2.7 to 6.8 to 18.7 percent of the RTE category, according to data culled by Nielsen Marketing Research's SCANTRACK Market Planner.

Those dollar-volume increases spiked most dramatically from the first quarter of 1988 ($9.9 million) to the first quarter of 1989 ($71.5 million), a 623 percent increase. After peaking at $88.8 million in the third quarter of 1989, however, sales volume of oat bran-tagged RTE cereal slipped to $79.2 million in the fourth quarter.

That ebb occurred shortly before the generally acknowledged coup de grace for oat bran's "miracle" status—the widely reported study appearing in the *New England Journal of Medicine* that ran counter to the hoopla about oat bran's unique benefits in lowering cholesterol levels.

Outlook for a new decade

The outlook for the 1990s, while more sobering, is still encouraging for manufacturers and retailers alike. But don't expect any subcategories to show triple-digit growth spurts in the near future. Along with skepticism about oat bran's benefits, the study seems to have dampened the potential for other products' latching onto a key ingredient as a vehicle for growth.

"We're not seeing much happening with rice bran, which came out right after oat bran," says Bennett Mark, director of grocery sales for D&W Food Centers (Grand Rapids, Mich.). "It's not nearly

Continued on page 163

Illustration: Steve Sweny

Short supplies caused cheese prices to rise last year, slowing sales slightly. But overall, on a profit-per-sq.-ft. basis, the dairy department continues to be one of the most profitable departments in the supermarket.

DAIRY

■ Of the many departments in modern supermarkets, the dairy case best reflects the trends driving consumers' food choices across the country.

Lighter, fat-reduced products are replacing traditional selections in categories ranging from milk to cheese to yogurt, as food producers rush to meet consumer demand for healthier products. Shoppers are also opting for a variety of vitamin-fortified milks and for top-of-the-line premium choices in other dairy products.

Consumers are finding their need for more convenient products answered by new packaging options (particularly in cheeses) combined with clever marketing. Cheese also perhaps the leading dairy product in terms of variety, with choices ranging from shredded cheese to cheese snacks to specialty cheeses. As a result of these trends, the range of offerings found in dairy departments has never been wider, say manufacturers and retailers.

As the range of choices continues to grow, retailers are using more sophisticated criteria to select dairy products that deliver the most bang for the buck. Although physical dairy-case square footage is larger than ever, the sheer volume of offerings is forcing dealers to choose which items they will carry.

Direct product profitability (DPP) studies are becoming the industry standards for measuring which offerings are most profitable in terms of the space they require. "They're now being used [by dealers] as a merchandising tool," says George De Jager, vice president of marketing and advertising for the National Dairy Board. "They're in the hands of retailers around the country."

Milk highly profitable

In the case of dairy, milk consistently shows high DPP, according to Tobi Rozden, director of marketing for the Milk Industry Foundation. According to that organization's figures, milk's average DPP per square foot is more than three times that of non-milk products. Other studies completed by dairy foods manufacturers such as Kraft show refrigerated departments to be up to five times as profitable, on the average, as the rest of a store's sections. Today's consumers feel that dairy case purchases provide all the health and flavor benefits they seek in food. Because of this, "Dairy products are the fastest growing part of the supermarket," says De Jager.

Statistics show that milk trails only cheese in terms of individual product growth in the dairy case. Industrywide sales figures for cheese and milk—which according to De Jager are based on milk-fat—show that 1990 milk sales have generally been flat, while cheese's sales are up 1 to 2

DAIRY

percent. But the statistics may be misleading. Since more low-fat forms of milk are being sold (consumers now purchase 10 percent more low-fat milk than whole milk), "there's probably more milk being sold" than the statistics show."

Low-fat milks (any milk with a fat content under 3.25 percent) have driven milk growth for the last several years, and "that continues to be the case," says De Jager. Other fast-growing milk products include flavored milks, calcium-fortified milk, and lactose-free milk.

A new calcium- and protein-fortified milk known within the industry as "111 milk" has proved very successful in California, according to De Jager. Manufacturers are marketing the product "in more general terms" related to health benefits, and are marketing the product as extra-light milk, he said. The milk features an 11 percent solids content as compared with 9 percent for whole milk. Consumers also consider the product better-tasting than whole milk, he says.

Product-packaging concerns are affecting milk as much as they have almost every other consumer product over the past decade. Disposability and environmental concerns are fueling many areas to consider legislative restrictions within the milk industry.

"A number of states are moving toward laws on packaging," De Jager says. Convincing consumers to trade down to paper cartons (in gallon sizes) of milk is one option, and the reintroduction of glass containers is another, but these solutions "may have a depressing effect on milk sales," he said. As a result, milk producers are "looking toward the packaging industry" to help develop alternatives.

Cheese, despite an off-year due to higher pricing forced by tight supplies, is seen to be growing at a faster rate than milk. Certainly, more forms of cheese are available than ever before. Producers including Sargento and Polly-O are marketing shredded cheese in resealable packages. Kraft offers single servings of microwavable Cheese Whiz Naturals, a brand of cheese slices with one-third the fat of regular cheese.

New from Polly-O is a group of grated cheeses marketed in eight-ounce canisters and four-and six-ounce plastic shaker jars with a shaker spoon top says Barbara Rose, associate brand manager. Flavors include romano, and parmesan-roman blend.

Low-fat milks have driven milk growth for the last several years, and that continues to be the case.

The New York-based maker also introduced reduced-fat ricotta, mozzarella and shredded cheeses that have "50 percent less fat than whole milk cheeses," she said.

"There's been an explosion in the cheese category. There's a lot of upside potential. There are a few key buzzwords—salt-free, fat-reduced and low-cholesterol. These [areas] are where the consumer trends are focused."

Cheese is increasingly being marketed as a healthy snack food. Polly-O expanded its successful String Cheese line, packaged in shrink-wrapped plastic, with pepperoni, cheddar and jalapeño flavors.

Yogurt, considered the fastest-growing product in the dairy case just last year, has seen its growth affected by other dairy snacks, according to some producers.

"Yogurt growth has slowed, primarily due to rapid explosion of other healthy meals and snacks, both in the dairy case and outside," says Rebecca Ryan, director of strategic planning for The Dannon Company (White Plains, N.Y.).

Before this year, it seemed yogurt's growth had no limit. According to Dannon officials, over 1 billion pounds were sold in 1988. Sales almost doubled in a six-year period.

But today's refrigerated cheese snacks, pastas, ice creams and healthy "lite" meals have challenged yogurt right where it lives—they now offer the fresh taste, low-calorie content and convenience that were once yogurt's exclusive domain. Yogurt makers are fighting back by going to the same formulas that have meant success for other dairy products; there are now several low-fat and no-fat yogurts on the market, with more on the way.

"Our main introduction this year has been Dannon Light, a nonfat aspartame-sweetened yogurt," says Ryan. "Dannon Light is now the number-one-selling light yogurt, with a 35 percent share of the light segment." The product's eight-ounce serving size has only 100 calories.

"The single-serving size remains the dominant form [of packaging] in the market, followed by large sizes and minipacks," says Ryan.

Other low-fat yogurt marketers include Weight Watchers and Sweet and Low. Tomsun is offering a lactose-free yogurt made from Tofu, and Kissle, a yogurt alternative, remains in certain markets. "Today, over 85 percent of all yogurts sold are classified as low-fat or non-fat," Ryan adds.

According to De Jager of the National Dairy Board, butter prices have fallen and sales have risen about 5 percent over the past year. Butter and butter "spreads" are being used more frequently as a gourmet cooking ingredient. Butter consumption, however, is down about 3 percent since 1960.

Margarine sales continue to decline, and are likely to keep falling in light of recent government studies that say the products oils and fats may contribute to heart disease.

Land O' Lakes is marketing Country Morning Blend Light, a mixture that includes 52 percent corn oil-butter blends. The standard blends generally contain no more than 80 percent vegetable fats.

Egg sales, predictably, have fallen in recent years as consumers identify the product with high cholesterol. Producers are attempting to lower the cholesterol level in eggs by feeding their poultry special natural feeds.

—BRIAN EDWARDS

CANNED GOODS

Continued from page 145

Other growth spots for Green Giant are nutrition-related. A 10-item line of beans marketed under the Joan of Arc label has adopted the Green Giant brand as it has been distributed in expanding markets, and a four-item line of vegetables with 50 percent less salt has been one of the company's "biggest hitters," according to a company spokesperson.

Regional flavors and nutritional concerns are also driving growth for S&W Fine Foods (San Ramon, Cal.). The company flags its cans with kidney and garbanzo beans with a message noting the fiber content of those vegetables, and its Redi Cut Tomato products have long catered to Italian, Mexican and Cajun tastes.

Noting studies showing microwave penetration to be near 80 percent in homes and 70 percent in offices, a microwave-and-eat product was an natural for Campbell Soup Co. (Camden, N.J.), according to Kevin Lowery, manager of communications. "If you can put it in a microwave, it's doing very well," he says.

The company, which packages five Red and White soups in microwavable containers, launched the line last September and expects to go national with microwavable soup this October.

Compared with the microwavable segment, Lowery describes Campbell's canned soup sales as "flat, across the board." Along with a "back to basics" focus, the company is reformulating its Special Request line to have lower sodium levels. Campbell also hopes its new Teddy Bear kids soup and Cream of Broccoli "ingredient" soup gain loyal followings.

In all, canned soups were up $104 million to $1.47 billion at supermarkets, a 7.7 increase, according to CES figures. Dry soups, meanwhile, grew 4.0 percent in supermarkets, adding $22.5 million for a dry soup total of $581 million.

Oriental noodle soups took share from other dry and canned soups, according to Steve Leiken, a spokesman for Nissin Foods (Gardena, Cal.),

Continued on page 162

Illustration: Steve Sweny

Despite trends favoring lower-calorie foods in many store departments, candy consumption continues to rise. Gum sales are also strong, though sugar-free continues to gain a larger share of the market.

CANDY & GUM

■ In the final decade of this century, industry experts are predicting that candy and gum profits will be sweeter than ever. Supermarkets, because of their tremendous volume of business, are bound to reap a significant market share.

"Big things are happening because of the 25-by-'95 program," states Whitney Hill, trade relations director for M&M/Mars (Hackettstown, N.J.). "Our industry goal is to reach 25 pounds per capita by 1995. Right now, the per-capita consumption level is 19.8."

Hill's number, which comes from the National Confectioners Association (McLean, Va.), differs from the 19.0 pounds per capita figure released by the U.S. Department of Commerce. However, both represent a sizable gain from 16.1 pounds per-capita consumption in 1980 and 1981.

Hill, a veteran in the industry, estimates this increase in candy consumption will generate an additional $2 billion in retail sales, "and around $1.6 million of that will be in supermarkets."

George Steele, a director of marketing for Leaf, Inc. (Bannockburn, Ill.), also spoke in glowing terms of the 25-pounds-per-capita goal, and he applauded supermarkets in general for the care they are exhibiting in the candy aisle. But he believes there is room for improvement as well.

"There is an emerging sophistication about the way the section is mixed and packaged," says the man who heads up Leaf's nonchocolate brands and seasonal sports marketing. "However, I would like to see more recognition. Rather than display five versions of the number one and two brands, recognize a variety of brands. We have to get over that hurdle, and allow more of us to show what we can do."

Hill, always innovative, advocates the addition of a "fifth major holiday" to provide a major boost to confectionery sales. Valentine's Day, Halloween, Christmas and Easter, he opines, should be accompanied by "Candy Carnival."

A new holiday?

"Candy Carnival will be a fifth major holiday in May, which makes it a natural tie-in with National Candy Month," he says. "For it to succeed, all that's required from supermarkets is that they promote it the way they promote the other four major holidays."

Certain chains, Safeway, Kroger and Super Valu among them, began to capitalize on a "Candy Carnival" promotion this year; some chose to focus on June or July, rather than May, for the program.

"Candy's really on a roll—no pun intended," Hill says. "(But some) supermarkets don't realize the potential of confectionery. If somebody is good, maybe he'll promote candy 15 times a year. Drugstores market it 52 times a year. They understand its draw; it's an impulse buy. It's a really a bottomless pit."

Jim Falk, national sales manager for Brock's Candy Co. (Chattanooga, Tenn.), believes supermarkets should exercise better care in its confectionery aisle. Well-stocked, imaginative, orderly displays will attract far more customers, he reasons, than a sparse, sloppily maintained section.

Brock's, whose general line comprises more than 200 items, scored well this year with its "Olde World Gourmet Snack Line" promotion. It consisted of seven items, ranging from Gummie Bears (including sugar-free), Squirms and Piggies to three flavors of Fruit Snacks. The 5- to 5 1/2-ounce packages have a suggested retail of 89-99 cents.

For M&M/Mars, 1990 represents a milestone year for two of its major products: It's the 50th anniversary of M&M candies and the 60th anniversary of the Snickers candy bar. Snickers was the best-selling candy product in 1989.

Meanwhile, the company is investing considerable capital and energy in its "Mission from Mars" promotion, a three-month, two-stage program that began in August. "We've built a whole story line around the Mars promotion," Hill explains. "People on Mars lost all of their candy in a Mars-quake. And now they're coming to Earth to save Halloween."

Mars introduced three new flavors, wildberry, tropical, and tart 'n' tangy, to Skittles, the number one sugar confectionery item in the U.S., and planned to roll out PB Max, a peanut butter candy snack, this month. "It's made with real peanut butter, not peanut meal," says Hill.

Leaf, characterized by Steele as "an aggressive company with an arsenal of products," targeted a "Rock 'n Win" promotion for the back-to-school season. Instant-win prizes and free rock-group-poster offers are contained in over 60 million packages of Leaf brands, including Heath, PayDay and Clark. The grand prize is a trip for four to the 1991 Grammy Awards show.

On the sports side, Leaf recently renewed its contract with major league baseball for three more years.

Hershey Chocolate (Hershey, Pa.), the nation's leader in confectionery sales, is also involved with athletics, principally in its National Track & Field Youth Program.

"Hershey's sponsorship of the youth program," says national spokesperson Rafer Johnson, winner of the decathlon in the 1960 Summer Olympics, "is an expression of the corporation's dedication to the future well-being of the nation's young people."

'Supermarkets underestimate the potential of candy. They should promote it 52 weeks a year—not just 15.'

Over 327,000 boys and girls, ages 9-14, from across the country participated in the program this year, of which 480 received all-expenses-paid trips to the national finals at Hershey in August.

Planters/LifeSavers (Winston-Salem, N.C.) reports burgeoning sales with two Life-Savers promotions early this year: a buy-two, get-one-free offer, and a package of four for 99 cents. Joe Collerd, director of marketing for hard-roll candy and gum, forecasts continued growth for the industry and dispenses a helpful hint.

While The Topps Company, Inc. (Brooklyn, N.Y.) has gained its greatest acclaim as the world's leading producer of baseball cards, the company takes pride in its ability to capitalize on the latest entertainment craze. This past spring, Topps introduced Teenage Mutant Ninja Turtles cards and stickers with bubble gum.

"We keep our fingers on the pulse of the entertainment industry," Topps spokesman Ken Liss explains.

Meanwhile, teenyboppers in the group may fancy Topps' New Kids on the Block bubble gum cassette containers, which hold gum and photos of the superstar rock group. "There are 24 different photos in all," Liss says, "showing the New Kids in both individual and group shots."

If Topps is the unsurpassed number one in baseball cards, Leaf's Steele would like to believe his company's Donruss cards are a solid runner-up. "Nobody reveals their figures," he says, "but we rate ourselves a strong number two."

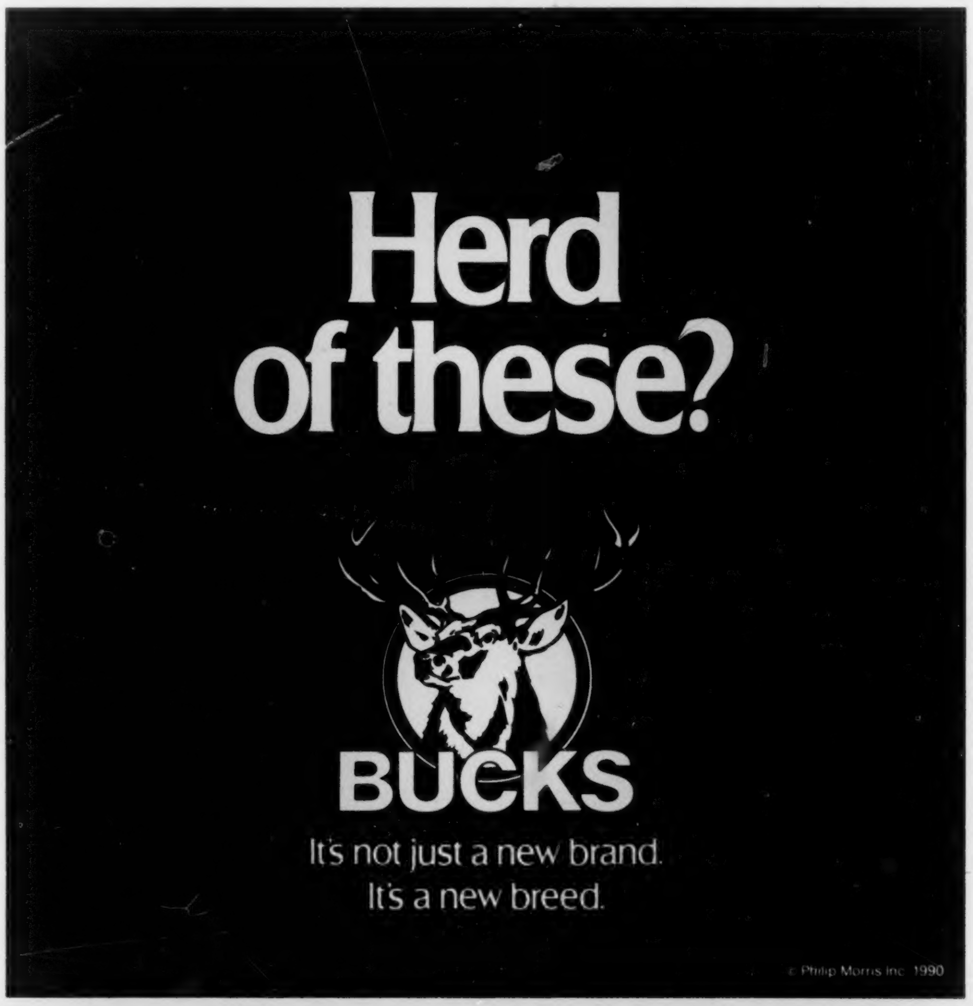
One of the giants in the chewing gum industry, Wm. Wrigley Jr. Co. (Chicago, Ill.), manages high visibility with a modicum of promotion. The company gets its message across via more conventional advertising in the electronic media.

"We don't push," says William Piet, Wrigley's vice president for corporate affairs, "but 15 cents out of every sales dollar goes to advertising. TV and radio have tremendous impact for us."

Wrigley's, which will celebrate its 100th anniversary in 1991, is pleased with the market penetration of its sugar-free gum, Xtra.

So even despite the absence of sugar, gum profits should remain sweet in the 1990s.

—DON HARRISON


Herd of these?
BUCKS
It's not just a new brand.
It's a new breed.
© Philip Morris Inc 1990

In a category that is as successful as it is competitive, manufacturers are targeting increasingly fragmented niches based on price, age and lifestyle. Even mainstream foods have become a special niche unto themselves.

FROZEN FOODS

■ Frozen foods have come a long way from the simple TV dinners of yesteryear. The industry has been very successful in carving the market up into distinct niches, based on price (e.g., budget and premium meals), age (kid's microwavable meals and "nutrition controlled" dinners and entrees) and lifestyle (meals for those who live alone and those who worry about high cholesterol, for example). And within those niches, products are being developed for breakfast, lunch, dinner and in-between-meals snacking. Are there any niches left that are as yet untapped?

"The extraterrestrial is about all that's left," jokes Mike De La Garza, director of public affairs at H.E.B., a San Antonio-based chain of 170 supermarkets in Texas. We're so entranced in the health, price and age-specific trends that it's difficult to say what the next niche could be."

The niche decade

"The '90s are going to be a real niche decade in this business," predicts Rick Parker, product manager for Tyson Foods(Springdale, Ark.). "It's tougher and tougher to hold the mainstream consumer. The mainstream premium frozen dinner is being assaulted from all sides—from the budget dinners to the healthy dinners. Those manufacturers who are providing products for a broad audience are finding that the audience is fragmenting," adds Parker.

As each new niche is created to meet a consumer need, manufacturers rush to provide products to appeal to that niche, thus further fragmenting the market. "Depending on the item, you either come out with a low-fat version, for example, to flank the mainstream product and protect it, or you push the product into a specific niche," explains Parker. "But if you address every niche out there, you're going to end up with a product without the attributes that the mainstream consumer wants."

In today's marketplace, a consumer can fall into more than one niche. Which explains why the baby boomers who are interested in health and nutrition and who have helped make Healthy Choice a huge success are the same consumers to whom Stouffer's (Solon, Oh.) is targeting its line of Homestyle Dinners. Introduced in July, the line includes Homestyle Meatloaf in Gravy & Whipped Potatoes.

The nation is also into nostalgia these days—symbolized by the renewed popularity of diner food, a magazine called *Nostalgia* and the Mazda Miata—and "these dinners and entrees take advantage of the baby boomer trend toward 'comfort' foods," says Roz O'Hearn, public affairs manager at Stouffer's Foods.

Paradoxically, the nostalgia trend—the good old days when no one knew from cholesterol—can comfortably coexist with the health trend, which has pervaded the frozen food market so completely that virtually the entire spectrum, from breakfasts to desserts, has been affected. In June, Weight Watchers introduced a 14-item line of calorie-controlled frozen breakfasts. "Weight Watchers benefited from the health trend," says De La Garza, adding, "they developed the breakfast category and brought new people into the category."

In test market, the line had a 7 percent share, according to Lois Brown, general manager of marketing at Foodways, the Heinz (Pittsburgh, Pa.) subsidiary that manufactures Weight Watchers frozen entrees and breakfasts, among other items.

At H.E.B., "Weight Watchers is a good mover, but it's well behind the Swanson's line," says De La Garza. And Swanson's wants to keep it that way. In September, the company will introduce Great Starts Harvest Grain Breakfasts, a three-item line—among them, Whole Wheat Pancakes with Light Links—that is lower in fat, cholesterol and sodium than "the traditional frozen breakfast entrees," says Megan McNichols, manager of communications, The Campbell Soup Co. (Camden, N.J.).

How will these new healthier offerings affect the full fat- and calorie frozen breakfast market? "We'd like to think that we're bringing more users into the category rather than cannibalizing users of Great Starts," says McNichols.

"If through promotion and then actual trial by consumers the [reduced fat or calorie frozen breakfast products] are judged to be equally good in terms of quality, freshness and flavor to the competition, and also perceived to be better in terms of dietary concerns, then they will establish themselves in the niche and do well," says Rick DeSanta, director of communications at A&P, a multi-regional supermarket chain with 1,218 stores.

"But as with other introductions in a competitive field, the customers will make the decision, and as the subcategory becomes overcrowded, the slower movers will be culled out." De La Garza feels that sales of regular frozen breakfast items will be hurt somewhat by the health trend, but adds that "the healthful items that are coming out will help [the category] recapture some lost sales."

Dual-income baby boomers are helping drive another trend: microwavable meals for kids. Since their introduction, such product lines as ConAgra's (Omaha, Neb.) Kid Cuisine and Tyson Foods' Looney Tunes Meals have become a hit with busy parents who neither have the time to cook nor the patience to cajole picky eaters into cleaning their plates. "The kids' segment is the fastest growing of all in the frozen meal category," says Parker.

'I wouldn't say that shelf-stable foods are necessarily a threat to frozens—but they are competition.'

He adds that Tyson Foods is "extremely pleased" with how the eight-item Looney Tunes Meals line is doing since it began national distribution in April. At H.E.B., which carries Kid Cuisine, the product "is doing great," says De La Garza. "It all ties back to dual-income families. Latchkey kids come home and have to make meals for themselves. The trend is particularly strong in urban areas."

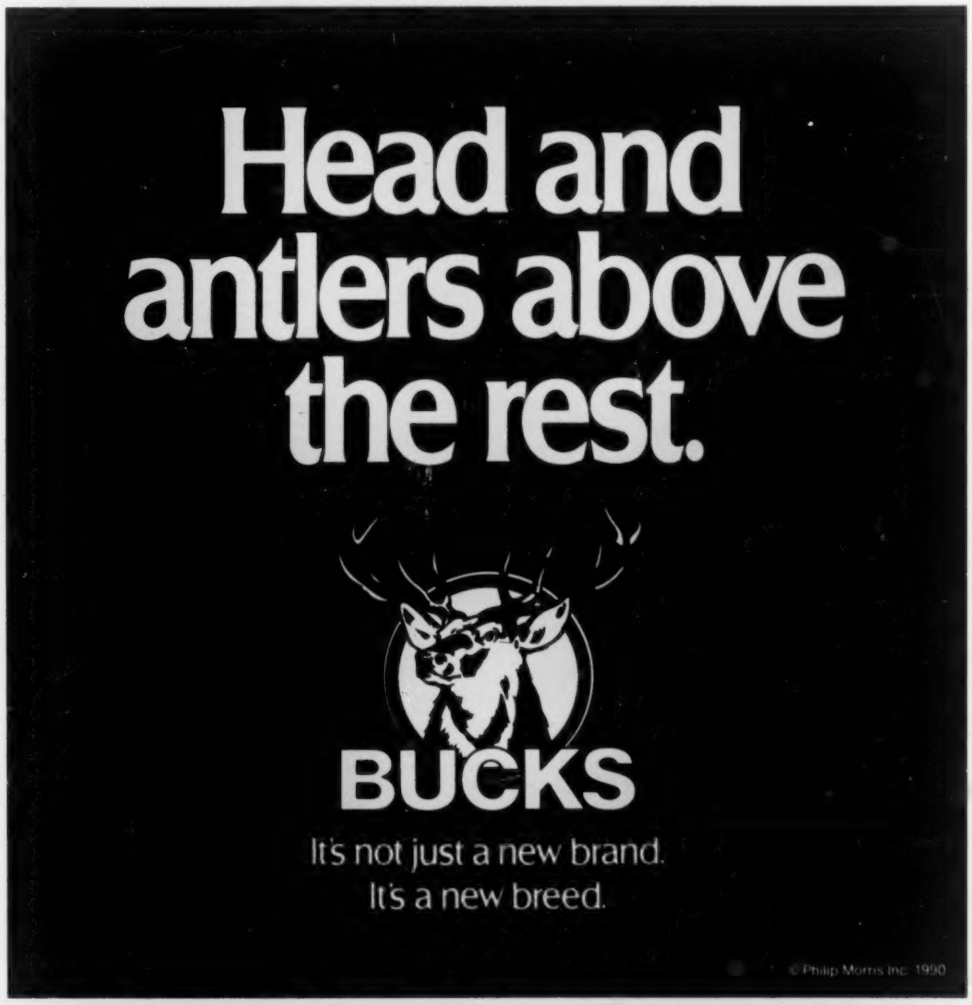
Many of the same trends affecting frozen entrees and dinners are also found in sales of frozen desserts, including ice cream, low-fat and nonfat ice cream substitutes and novelty items. As with frozen entrees, consumers often straddle contradictory niches. "There is no clear trend; there are inconsistencies in consumer behavior," says Sandy Wood, director of research for the International Ice Cream Association, a trade group representing some 85 percent of the manufacturers and retail dip shops in this country.

To cite one example, "The same consumers who switched from ice cream to ice milk—affluent 50-plus year old white collar workers—are leading purchasers of upscale novelties such as superpremium bars."

For the third year in a row, sales of ice cream declined 5 percent, according to Wood. Concern over the fat and cholesterol content of ice cream may have contributed to this decline, says Wood, adding, "a lot of low-fat and nonfat premiums and superpremiums hit the market, and the price promotions used to support product introductions may have gotten people to try these new product."

Frozen yogurt is also steadily gaining consumer acceptance and is pulling new consumers into the frozen dessert market, says Wood. "Unless something dramatic happens, sales of packaged frozen yogurt are going to triple this year—just like last year. It's only penetrated 20 percent of the nation's households, so it's at the front end of it's product cycle."

Continued on page 129


Head and antlers above the rest.
BUCKS
It's not just a new brand.
It's a new breed.
© Philip Morris Inc. 1990

CAR WAX
VIDEO
FLOPPY DISK
ELMO'S GLUE
Topsy Turvy Tales
POTA
IDAHO'S
25 PO

GENERAL MERCHANDISE

Many GM lines were still winners in 1989, though moving shoppers into the more esoteric items is tough going. It's still largely a matter of doing a better job with the basics.

■ Floor space has always been a crucial index of general merchandise (GM) sales potential. But does bigger equal better sales—and more importantly, better overall profitability for the store? You don't have to look further than the checkered performance of U.S. hypermarkets to bring that kind of assumption into question.

"There's always the danger that you can do too much, and lose sight of the fact that you are a supermarket, a food store," says Charles M. Riesbeck, HBC/GM director at Riesbeck's Food Markets Inc. (Wheeling, W.V.).

"Our primary function is to sell food," says Thomas M. Shively, vice president of sales for Peter J. Schmitt Co. (West Seneca, N.Y.), a wholesaler serving 366 supermarkets, 35 of them warehouse or combo/superstore units. "While the consumers are there, we try to sell them other things also, but we have to remember that our primary customer is a food shopper."

Back to basics

For many GM managers, other retail segments are every bit as competitive for GM sales as other supermarkets. Riesbeck's Food Markets, ranging in size from 14,000 to 42,000 sq. ft., is facing increasing competition from Wal-Mart, K mart, Hills and discount drug competitors. In this environment (and as the region's economy slows), Riesbeck finds it makes sense to stick with the basics.

"I believe we can always sell customers basic GM lines—film, photo finishing, batteries—things like that are naturals," Riesbeck says. "Also magazines, and traditional items such as kitchen gadgets, light bulbs and pet needs, rather than getting into new things."

While he wouldn't describe the store's GM mix as esoteric or exotic, he says that, "In general, we're doing much more in terms of promoting GM," Riesbeck says, "especially with light bulbs, film and photo finishing. That's helped keep us in the market with the discounters." Print ads and instore displays, he says, are primary promotional vehicles.

Taken in its broadest sense, the "basics" mean anything that fits in with the typical consumer's shopping behavior. Most shoppers, for example, would be reluctant to try on different pairs of athletic shoes or examine the fine-print warranty on an air conditioning unit while their ice cream is melting, regardless of the depth of the discount.

"We do a good job with batteries and film processing," says Peter J. Schmitt's Shively. "We haven't gotten into appliances as much." He adds that an in-and-out shipment of upscale gas grills proved to be a poor fit with store customers. "Not many people were coming into the store with $400 in their pockets."

With "niche-killer" specialty retail formats stalking the U.S. landscape and squeezing margins on everything from home and garden supplies to appliances, toys and even video rentals, many food retailers have decided to avoid the temptation to become all things to all customers.

One sign of this back-to-basics push is the decreasing median size of new stores. Back in 1980, a typical new supermarket was 33,000 square feet, according to Food Marketing Institute's "Facts About Store Development." By 1985, the median store grew to 40,000 square feet, then ballooned to 46,890 square feet in 1987. Last year, the median size settled back comfortably at the 40,000 square foot mark.

A constant conflict

At small urban supermarkets, space is so tight that GM is, by necessity, cut back, regardless of its profit potential. Anything less would start compromising the store's ability to compete with other supermarkets for its range of edible offerings.

"It's a battle," says Morton Sloan, vice president of Red & White (New York) with six urban supermarkets averaging about 8,000 square feet. "We like carrying these GM lines. They sell well and carry a good margin, but they do occupy lots of space. We do what we can—we try to utilize any nooks and crannies or air space—and it works."

With the average new store decreasing in size, it stands to reason that GM sales are faltering. But we interrupt this analysis for a surprise announcement: Dollar sales are still on the rise.

True, the 7.4 percent gain in 1989 sales volume represents a slowdown in growth from the previous year's 12.5 increase in volume.

But given the sizable existing base, and the declining space in the typical new store, 1989's 7.4 percent gain is impressive. The likely factors? Higher prices, more promotions, better space utilization, more net GM selling space, or a combination of the above.

The statistics may give the impression that dollar sales in GM at supermarkets everywhere are rising as inexorably as the costs of doing business.

That may be true in a macroscopic sense. But for that to be the case, GM managers have to constantly assess the competition in a multitude of retail segments, then tailor their merchandising, pricing and promotional strategies accordingly.

One case in point is video rentals. In 1989, dollar volume from video rentals was still growing, with a 14.7 dollar increase on top of 40.6 percent gains from the previous year.

Every nonfoods manager can think of many GM categories that would benefit from a few extra feet of space.

But many nonfoods managers, watching local market conditions, are reconsidering the segment's long-term profit potential. "The Blockbuster-type stores have taken some punch out of supermarket video departments," says Peter J. Schmitt's Shively. "Most stores can't compete with their 10,000 titles and everything else that they do."

The key, Shively says, is, once again, to harness sales in the most cost- and space-effective way, with an eye toward the likelihood of demand from the typical supermarket shopper. "We do well by being right there with shippers of hot videos such as *Dick Tracy*, *Ninja Turtles* and *The Simpsons*, and what I call the faddish goods—T-shirts, posters and squeeze bottles."

While most retailers cite strength in the basics, there's still plenty of room for surprises. Kilgallon reports a good consumer response to some relatively high-ticket items "that you'd never think of finding in a supermarket before." One example—water purification systems.

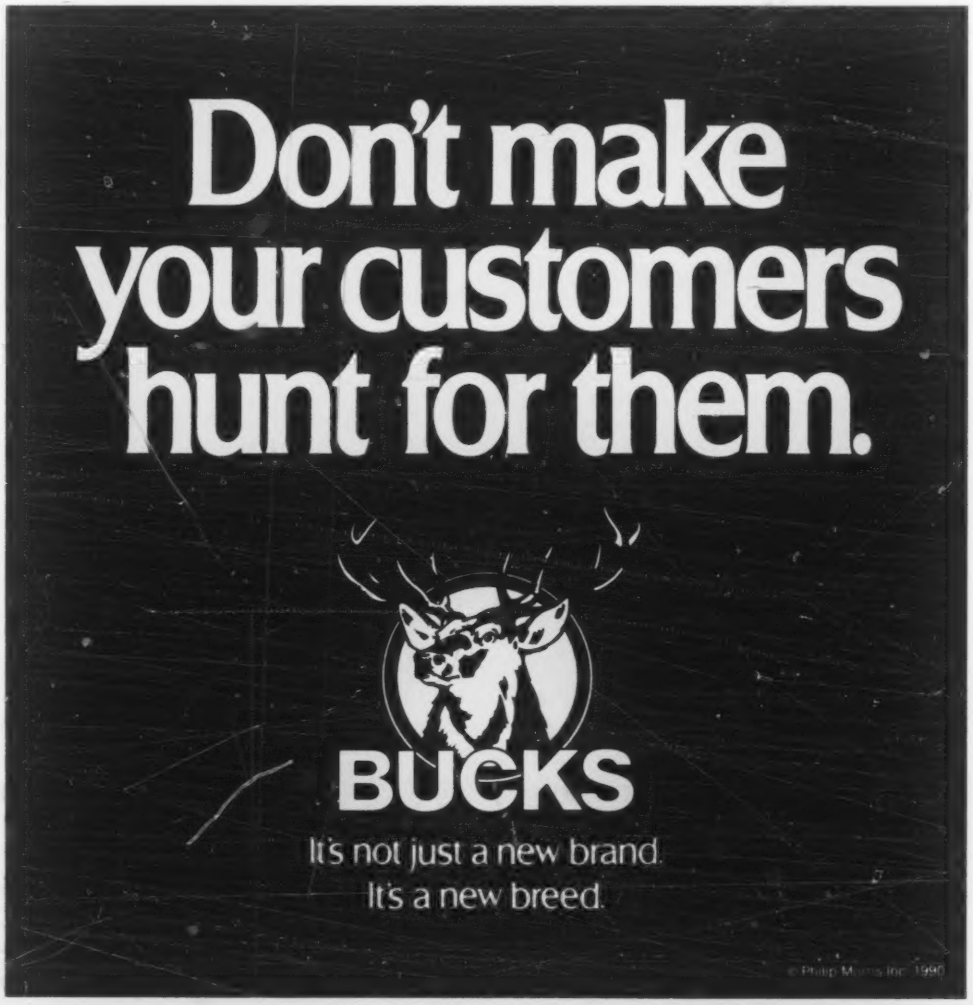
Kilgallon adds that small appliances—"the basics; coffee pots, toasters, irons, hand-held vacuums"—do surprisingly well, although he adds the store's margins on them are "below normal GM margins."

Fax services, meanwhile, "have not been as hot as we anticipated" in the few locations where they are currently available, Shively says.

Among "loser" categories this year, microwave cookware surely ranks as one of the most counter-intuitive. Its 20.8 percent loss contrasts starkly with statistics showing 80 percent household penetration levels for the high-tech ovens.

"For us, the microwavable housewares category has been hot and cold," Shively says. "With all the dinners being sold in their own trays, we haven't done well with those [tray-type] items.

"At the same time," Shively continues, "we've done very well with items that aren't specifically for the microwave, but are marketed as being good for the microwave as well," he says, citing Rubbermaid food storage containers as a case in point. —FRANK HAMMEL


Don't make your customers hunt for them.
BUCKS
It's not just a new brand.
It's a new breed.
© Philip Morris Inc. 1990

Greeting cards turn great profits. But while card manufacturers concentrate on building traffic in the card aisle, some supermarkets are examining how the category can enliven sales in the GM section and storewide.

Happy Birthday
Happy A

Illustration: Arnie Ten

GREETING CARDS

■ Greeting cards constitute the single most profitable product category in almost any supermarket that sells them. But that might not be enough. As greeting card manufacturers further attune their programs to the supermarket distribution channel, some folks at retail are considering how to use the growing category as a spark to galvanize frequently languid GM departments.

Many supermarkets' storewide holiday promotions are founded upon the strong seasonal merchandising programs devised by greeting card manufacturers. Some supermarket operators have placed greeting cards centrally in their GM/HBA sections. They hope that consumers will funnel through to discover—and patronize—the rest of the department.

The goal of better consumer patronage of GM/HBA by supermarkets often remains elusive, and many supermarket operators realize they need a magnet that will attract the customers to a department that frequently pales in comparison to other operations, especially perishables and service counters. But because they are merchandised, maintained and marketed by the greeting card manufacturers, greeting card sections are more colorfully presented and promoted than other general merchandise operations—offering supermarkets an opportunity.

In supermarkets with otherwise healthy traffic, observation often reveals GM aisles that are virtually unpopulated. In such cases, the greeting card aisle is often an exception. Supermarket customers have discovered that many supermarkets now offer the quality and variety that they demand.

And yet, according to the manufacturers themselves, only two in 10 supermarket supermarket customers buy greeting cards where they get their groceries. The manufacturers are anxious to boost that number, especially because their figures indicate that 86 percent of customers who decide to give the supermarket greeting section a try come back for more.

Market share doubles

There's no doubt that supermarkets have benefited from greeting card manufacturers' efforts to build business among food retailers. As a channel of distribution over the last 10 years, supermarkets have doubled their market share to more than 13 percent.

While other mass market outlets also have gained share, the pace has been slower. According to Ambassador Cards (Kansas City), the mass market division of Hallmark Cards, Inc., discount stores' market share of greeting cards grew by about 13.8 percent in the period from 1978 to 1988, while the share of market claimed by drugstores increased by about 11 percent. During the same period, supermarket market share grew by 43.9 percent. The market share losers were specialty shop and mail-order operators, who together lost 15.7 percent.

"When you talk to customers," says Don Fletcher, vice president of product development at Ambassador, "they'll tell you the primary reason they do not buy more cards in supermarkets is because of lack of variety and selection. They have a perception that the food store does not carry a broad enough selection. So one emphasis we've had over the last couple of years is to ensure that the supermarket customer realizes that all her greeting card needs can be satisfied in that store."

Bigger fixtures, more variety

In recent years, manufacturers have introduced fixtures that can carry more cards, more prominently in less space. They also have broadened card offerings in supermarkets, especially for "any day" cards, which express a sentiment not tied to a special occasion. Such cards have been primarily responsible for driving category sales for the last several years. Finally, they have developed promotions that boosted awareness among supermarket customers.

"You've got to enhance your product offering, which we have done substantially over the last couple of years," says Fletcher. "And we're going to be introducing more programs this year, which expands our total greeting card offering by another 20 feet. Once you've got the product there, then you have to communicate it to the consumer. We're doing that through Season Plus."

The current Ambassador promotion program, Season Plus combines an expanded product selection for a specific list of holidays—including Christmas, Easter, Mother's Day, Father's Day and—for the first time in 1990—Valentine's Day, in addition to point of sale and other promotional material. Each promotion combines a holiday theme with proprietary material including the company's two key licensed properties, Peanuts and Garfield cards. According to Ambassador, the new Season Plus promotion for Valentine's Day boosted greeting card sales for its major customers by 15 to 20 percent.

"We've recently introduced the program for 1991, and the theme of it will be Norman Rockwell, which again is an exclusive to Ambassador," says Fletcher.

Other major greeting card manufacturers cite and respond to most of same the trends as Ambassador, but not necessarily in the same way. For example, while Ambassador's promotions revolve around its licensed card programs, American Greetings (Cleveland, Oh.) has taken more of a niche approach to the market. The company identifies specific demographic groups and develops product lines to meet their demands. These include non-traditional and frequently off-beat product lines such as Forget Me Not and Kid Zone, a card line related to Forget Me Not, but specifically designed for children to send to other children.

Ultimately, retailers are likely to borrow from both the 'core-business' and 'outposting' approaches.

For holiday promotions, Ambassador offers promotional displays featuring themed cards and related seasonal paraphernalia such as themed party goods, streamers and giftware. Similar promotions are offered between holidays, with themes such as Victorian Elegance, a display offered to retailers this year that featured wrapping paper, ribbons, bows and related items with Victorian floral motifs set in an end-aisle display.

According to Herb Bauer, executive director of national accounts for American Greetings, creativity is the key to future success.

"Creativity, staying on top and making sure you're coming out with a product that will sell, that will be important," says Bauer. "That's especially true of the alternative card where the trends change a lot."

For evidence of success, Bauer cites American Greetings' Couples card line, which enjoys high sales among men. "Research shows that 30 percent of the purchases there are being made by males, where a higher proportion of any line is usually purchased by women."

To better target its audience at retail, American Greetings has established a demographic national database that it uses to help set business strategies. While other greeting card manufacturers use demographic and market information in their decision making, American Greetings has been the most aggressive in promoting demographics as a service.

Called Street Smart Demographics, the company has developed a program that applies information to location to develop the best product and merchandising mix for

Continued on page 201

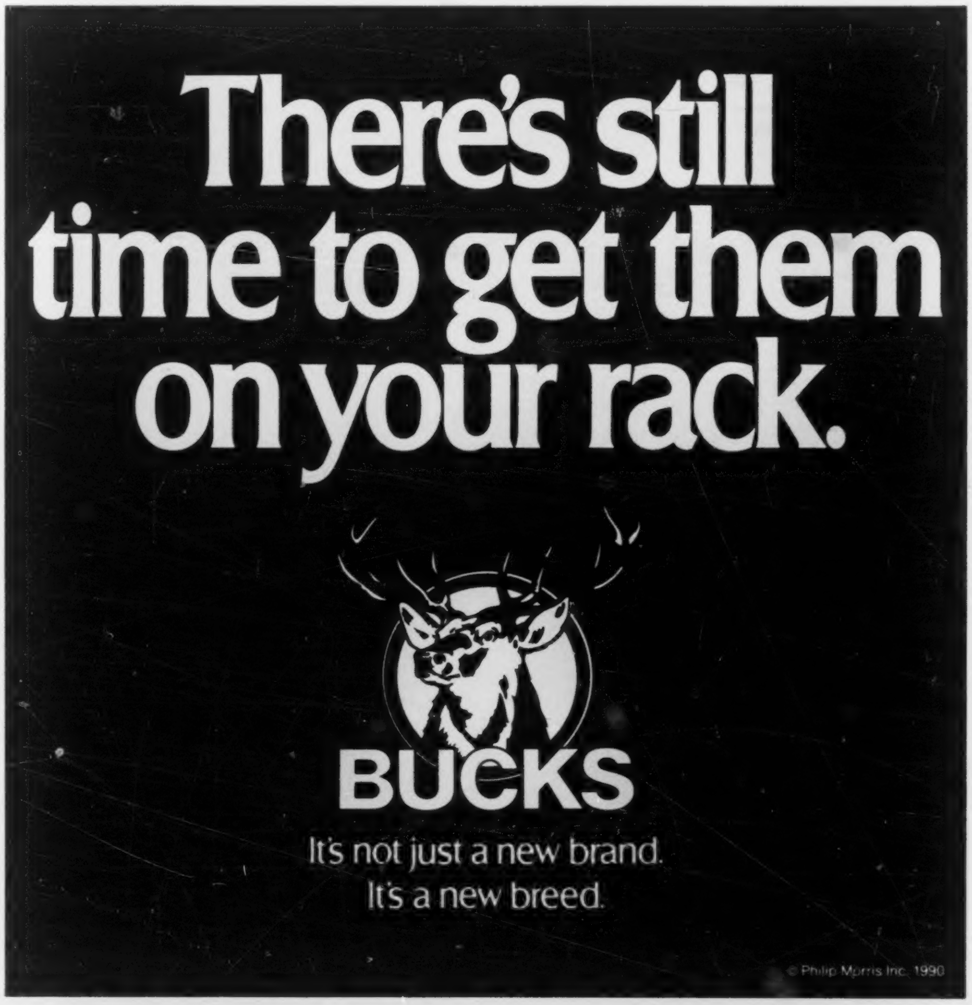

There's still time to get them on your rack.
BUCKS
It's not just a new brand.
It's a new breed.
© Philip Morris Inc. 1990

Illustration: Paulette Bogan

Despite strong competition from other classes of trade, about half of all HBA purchases are made in supermarkets—and the number keeps increasing. Trends for individual product groups are mixed.

HEALTH & BEAUTY AIDS

■ Consumers continue to turn to the supermarket for their HBA products. It's a trend started in the mid-'80s, and one that isn't likely to change in the next few years, buyers say. And there's good reason: Consumers today are discovering what so many others learned during the last decade—there aren't enough hours in the day.

Supermarket retailers around the country are also reaping rewards from this trend. HBA products offer some of the highest profit margins. In fact, allocating as little as 4 percent shelf space to HBA products can produce as much as 30 percent in gross profits. Is it any wonder why retailers are giving these products more space?

"Not at all," stresses John Sico, retail pricing manager at Waldbaums Supermarkets in Central Islip, N.Y. "HBA products are a growing segment in the marketplace and have been for some time. That growth has been stimulated by increased competition, but I think you will see an even greater number of companies vying for business in the years ahead."

As they have in recent years, grocery stores continue to control nearly half of all HBA sales, according to A.C. Nielson. And to think, only seven years ago drugstores had 40 percent of the HBA market. Many supermarkets have placed pharmacies in their stores and made them an integral part of their overall operation. And that's another trend likely to continue.

For the year ending March 23, 1990, the big performers among the 57 HBA categories tracked by Arbitron/SAMI (New York, N.Y.), a leading market research firm, varied greatly. They ranged from razor blades, mouthwash and hand and body lotions to deodorants, dentrifice, and first-aid antiseptics. All sales figures below were provided by Arbitron/SAMI.

Hair care shines

Shampoo sales rose $721.6 million, up 3.5 percent. Shampoos actually represent $2 billion in sales when you consider related products, such as conditioners, sprays and hair fixatives. Much of last year's growth was due to the increase in the use of fixatives, according to industry sources.

"There's a resurgence for curl among young people, which has been good news for fixatives, particularly gels and spritzes," says Gene S. Ringuette, vice president of sales at DowBrands Personal Care (Minneapolis, Minn.). L'Oreal, which was the first to hit the market with a mousse earlier in the decade, is among companies in this category that have stepped up their efforts to promote fixative products.

Salon products have had a strong showing, as well. That's understandable when you consider the growing number of working women who don't have time to visit a salon.

PermaSoft has been benefactor of this development. PermaSoft is a salon product that features a shampoo, conditioner, hair spray and fixative. It has been increasing its share of the market since it was introduced in 1984.

Razor blades manufacturers fared well, as the face of the market began to make some noticeable changes. While razor blades sales increased to $331.5 million, up 6.9 percent, permanent systems began to post strong gains. Buoyed by a $35 million advertising campaign, Gillette's Sensor razor led the way.

Keith Buchanan, a marketing executive with Warner Lambert (Morris Plains, N.J.), which sells Schick blades—Gillette's biggest competitor, claims that Gillette is grabbing a bigger piece of the market with Sensor "at the expense of its disposable blades," namely the Good News blade.

W. Scott Roberts, vice president of brand marketing for Gillette in Boston, Mass., offers another perspective: "Retailers should emphasize the value of cartridges, because this is the way the industry is going in the future. Cartridges are leading the market expansion and offer the best gross margin opportunity."

By the end of the year, Gillette expects Sensor to capture an 8 or 9 percent share of the $752 million blade business, provided it can supply retailers, according to Roberts.

This fall, Warner Lambert plans to launch a new product called the Slim Trim Plus lubricating system with Aloe, which the company is hoping will slow down Sensor's momentum.

In 1950, you could count the number of available mouthwash products on one hand. Today, there are approximately 15 major brands vying for a place on the shelf of every American's medicine cabinet. And while all of the companies competing in this area are trying to carve out a niche for themselves, collectively they are making moderate gains.

Mouthwash sales were up only slightly (2.4 percent) on $379 million in sales. Plax, which is positioned as the mouthwash that fights plaque, was responsible for a significant portion of that gain, as it moved into the number three position, just behind Scope.

Warner Lambert, which manufactures Listerine, has successfully used the product's therapeutic benefits to increase its household penetration from 48 percent in 1987 to over 62 percent today, according to Lawrence Horner, senior product manager of Listerine and Listermint.

Toothpaste, the largest category in the oral hygiene group, showed only a modest gain (0.3 percent) on sales of $714 million, but toothbrushes turned in a significant gain (11.2 percent) on $153.7 million in sales. The increase was due in large to the sales success of Oral B Ultra.

Breath fresheners, led by Binaca, recorded $9.8 million in sales, a 3.7 percent gain. Denture adhesives had $62.5 million is sales, a 5.7 percent increase; and dental aids, which include dental floss and water picks, rose 8.7 percent on $33.8 million in sales.

"Sales of deodorant sprays were hurt a few years ago when fluorocarbons were accused of eliminating a part of the ozone layer," recalls Alan Miller, a marketing consultant with Arbitron/SAMI. "Manufacturers have since replaced fluorocarbons with hydrocarbons, but they have not received much attention for making these products safe again."

Spray deodorants now use hydrocarbons, not fluorocarbons, but the change has not received much attention.

Stick deodorants have picked up market share since then, not only because they may be perceived as a better alternative environmentally but because they have also shaken the reputation that they are ineffective as an antiperspirant. Two of the products recently introduced that are doing well in this category include Degree and No Sweat.

Not much new is happening in the hand and body lotion group. "Three or four years ago, you had a few new products coming out of this category annually, but not a single new product came out of this group last year," says Miller.

Nonetheless, sales are still strong. The $224 million hand and body lotion market was up 1.9 percent.

The first-aid antiseptics category, which included such products as Ambersol, Benadryl, and Solarcaine, increased $106.3 million, a gain of 9.6 percent. First-aid products, which include such items as bandages, cotton pads and swabs, tallied $251.6 million in sales, an 8.6 percent gain.

Finally, contraceptives, which include condoms, increased to $39.3 million, up 18.8 percent. With concerns over AIDS still very much on consumers' minds, sales are expected to continue to surge.

—DOM DEL PRETE

Get ready to bag your first Bucks.
BUCKS
It's not just a new brand.
It's a new breed.
© Philip Morris Inc. 1990

CANNED GOODS

Continued from page 150

who cites SAMI figures showing a 19 percent unit share in December 1989, up 1.8 share points from the previous year. Leiken said canned soup share, meanwhile, was 74 percent.

Canned fruit

Although canned fruit mustered only a 3.3 percent gain, to $1.26 billion in supermarkets in 1989, that relatively flat growth rate contributed an additional $40 million to the already sizable canned fruit category. Convenient and healthful value-added products gave the otherwise stable category a glint of growth.

With packaging showing freshly picked and sliced fruit, Del Monte hopes to appeal to the anti-sugary syrup crowd with its four-item Fruit Naturals line, which is to roll national by the end of the year.

Dole Packaged Foods (San Francisco) is expanding distribution of its canned Tropical Fruit Salad, with yellow and red papaya, pineapple, guava and sliced banana, packed in "lightly sweetened" syrup and passion fruit juice. The product is expected to be fully national by 1991.

S&W Natural Style Fruit, packed in its own juice, fits in with the company's efforts to woo value-added and fresh-minded customers into the canned food aisle, according to Richard Fink, vice president of marketing and corporate development.

Shelf-stable juices

With a 6.6 percent, $181 million gain for a supermarket total of $2.9 billion, bottled, canned and aseptic juices contributed the largest share of the increase to the canned/shelf stable category.

"Apple juice has rebounded from its depressed condition of a year ago," says John Moreton, vice president of marketing for Ocean Spray (Lakeville, Mass.). Moreton adds that strong performances from blended flavor products contributed to category growth.

Ocean Spray's Cranapple and Cran-Grape date back to the 1960s, its Crantastic debuted in early 1982, and its Mauna Lai guava fruit drink appeared in 1985, according to Cathy Loranger, a spokesperson. The company's most recent juice introduction was Guava-Passion, in 1987.

More recently, Tropicana (Bradenton, Fla.) has been shaking up the bottled juice category with its Tropicana Twisters, introduced in May, 1988. Citing annual movement of over 100 million cases, the line is considered "one of the best product introductions ever, in the grocery industry," according to Terri Holloway, a spokesperson.

Dole Packaged Foods (San Francisco) has also made a big splash in the dry grocery section with its Pure 'N Light, positioned as an any-meal beverage with a light taste.

Canned fish, meat, and milk

Growth for canned fish and seafood, while a modest 3.7 percent at supermarkets, still boosted the category to $1.57 billion, a $56 million increase. It remains to be seen whether the decision among major manufacturers to go "dolphin-safe" will have a major impact on 1990 dollar volume, either through augmented consumer demand or supply price increases. But few retailers are bracing for major changes.

"I don't think there will be a significant impact," says Bob Benner, grocery buyer at Haggen Inc. (Bellingham, Wash.). "As a company, we were acquiring dolphin-safe product anyway, even though it wasn't labeled that way."

Other items in the canned fish section include canned surimi from the Berelson Co. (San Francisco), makers of Sea Legs. Their imitation crab and lobster were introduced in August, 1989, and are currently in nine U.S. markets.

The canned meat segment continues to lose overall ground to other canned food products. As a whole, the category slipped by $34 million in supermarket dollar volume, a 3.3 percent decline, to $997 million.

Rounding out the canned foods category, canned milk was flat at $285 million in 1989, a $4 million, 1.4 percent increase over the previous year. —FRANK HAMMEL

The GLADSON ADVANTAGE

Databases
Quick Turnaround
Quality Planograms

The Gladson Advantage is the service center approach...providing retailers and manufacturers with the competitive edge.

- **EXTENSIVE DATABASES**—We deliver accurate dimensions and clear images of over 55,000 SKU'S, available via modem, streaming tape or diskette.
- **QUICK TURNAROUND**— You get the service you want – *when* you want it.
- **PLANOGRAM SERVICE**— If your space management department is too busy or if you don't have a space management department, call us!

The Gladson Advantage—The number one choice of major retailers and manufacturers worldwide. for more information, call Mary Wlodarski, Vice President Sales today! (708) 810-0090.

Gladson & Associates
1982 OHIO STREET, LISLE, IL 60532

CEREAL

Continued from page 147

as big as oat bran was when it came out."

"The research about oat bran had a big impact," acknowledges Karen MacLeod, spokesperson for Kellogg Co. (Battle Creek, Mich.). But while oat bran cereal sales "stabilized," MacLeod adds that "overall, consumers are looking for something that's healthy, that tastes good and is convenient.

Psyllium was the hardest hit by growing consumer skepticism about ingredient health claims. Commonly used in laxatives before it was introduced to food products, psyllium was a key part of General Mills' Benefit and Kellogg Co.'s Heartwise, both introduced in 1989. Benefit was discontinued in January, and Heartwise is performing below expectations.

Basics show strength

For the cereal category as a whole, most retailers are bullish on prospects for slow, steady growth. "I don't think the cereal category's declining at all," says David DiGeronimo, vice president and grocery buyer for Victory Super Markets (Leominster, Mass.). "I see the shift is going from the real sugary cereals to Cheerios, Wheaties and Corn Flakes instead."

Kathryn Newton, a spokesperson for General Mills, says sales strength from venerable brands such as Cheerios, Wheaties and Kix have indeed kept the company's cereal share at a solid 27 percent, but cites Lucky Charms as an example of continued sales strength among some presweetened brands.

Other evidence of sustained presweetened strength include Kellogg's estimate that 50 percent of its Frosted Flakes cereal is consumed by adults. Also, one of the hottest new products last year from Post Cereals/General Foods (White Plains, N.Y.) was Marshmallow Alpha-Bits.

"We see four things really driving the cereal market," says General Foods USA spokesperson Nan Redmond. "Nutrition and health, taste and variety, convenience and good price value."

If there's a "hot" subsegment in the cereal aisle, it may be products that compete effectively with the basics as a "healthier" but still flavorful cereal for kids and adults. "Mothers are trying to get kids to eat the basics," Victory's DiGeronimo says. "For themselves, they're buying the all-natural, high fiber cereals," he adds. "They are real popular with the elderly as well."

Kellogg's Bigg Mixx, introduced in April, combines rolled oats, toasted flakes of corn, rice and whole grain wheat, lightly sweetened with brown sugar and cinnamon flavoring. Along with Kenmei rice bran (also available with raisins and almonds), Kellogg introduced Heartwise and Oatbake within the last year.

Post/General Foods' Honey Bunches of Oats, which has passed the 1 percent share mark since its national introduction in June, 1989, hasn't suffered severely in the post-oat bran era, despite the fact that "the intense appeal that oat cereals enjoyed has cooled down," according to Redmond. "Nutritional benefits are a big factor in initial trial," she explains, "but I think, following that, taste has always been the real factor that motivates repeat purchases."

On the whole, manufacturers are quieter this year on the new product front. General Mills' most significant new product in 1990, for example, was a line extension. Oatmeal Crisp, which was introduced nationally in February, is the equivalent of Oatmeal Raisin Crisp, without the raisins.

Quaker Oats Co. (Chicago, Ill.), which rode the oat bran wave with Quaker Oat Bran in 1989, introduced Quaker Crunchy Rice Bran earlier this year. The company also introduced a topping ingredient called Quaker Honey Crunch Rice Bran.

Nabisco Brands (Parsippany, N.J.) shifted its 1990 focus from new products to fine-tuning existing brands with new packaging, flavors, formulations and promotions, according to Caroline Fee, a spokesperson.

So far, no manufacturer has announced plans for a boxer-trunk shaped cereal to tie in with Bart Simpson's word balloon slogan, "Eat My Shorts." But Ralston Purina Co. (St. Louis, Mo.) has spooned out a successful niche with presweetened cereal tie-ins to movies, TV and toys.

"The market seems strong, and we continue to have a lot of success in licensed cereal products," says Pat Farrell, a Ralston Purina spokesman. Recent product introductions include Batman and Teenage Mutant Ninja Turtles.

While Quaker Oats retains the top two slots on the still-seasonal hot cereal category, others will be making a bid to increase business this year.

General Mills, which recently introduced Oatmeal Swirlers, which allows kids to create shapes by swirling a fruit puree in their bowls, is launching a new hot cereal this month, Under Cover Bears.

Nabisco, meanwhile, is promoting its all-natural formulation for Cream of Wheat and has added a new flavor, Honey Bran, a combination of red wheat and oat bran, sweetened with honey.

—FRANK HAMMEL

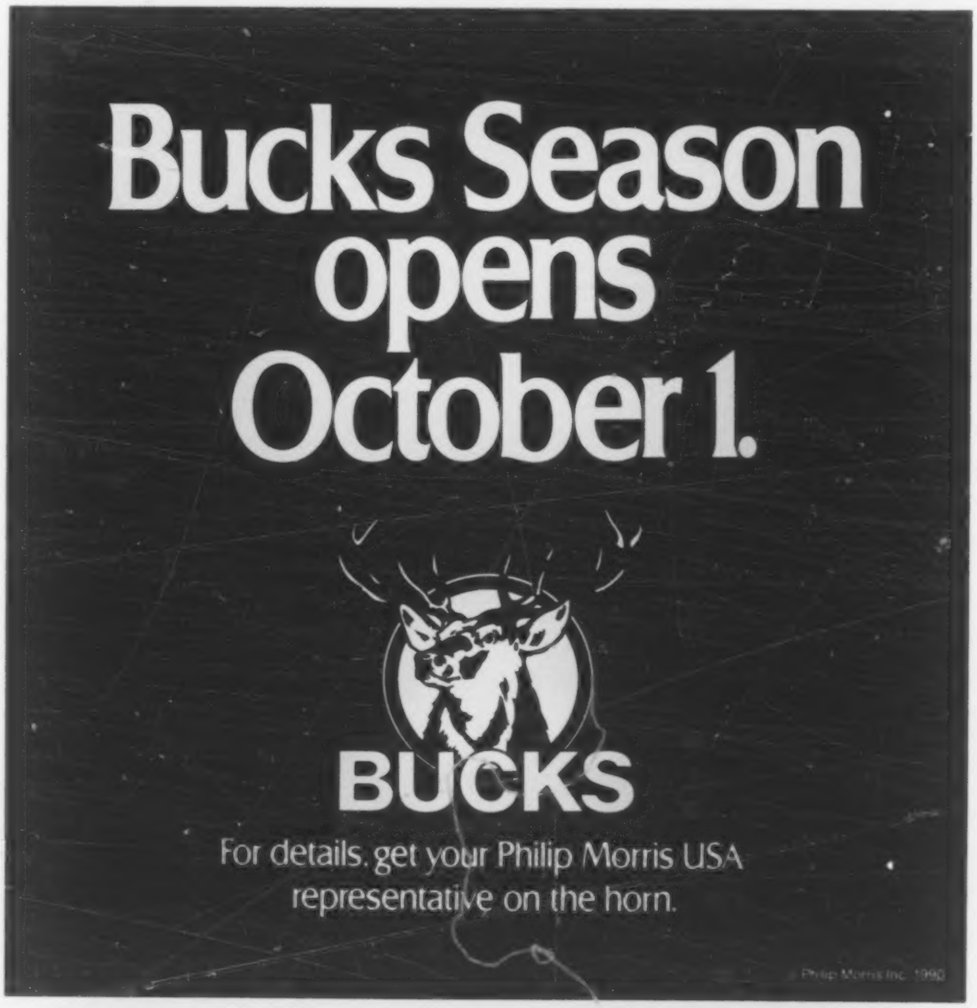

Bucks Season opens October 1.
BUCKS
For details, get your Philip Morris USA representative on the horn.
© Philip Morris Inc. 1990

Illustration: Paulette Bogan

Although some general-interest publications have been losing readership, overall magazine sales are increasing because of record numbers of new special-interest launches. Retailers can do more to improve sales in this profitable category.

PERIODICALS

■ Neatness counts.

It counted in the third grade at Union School ... and it counts in the periodicals section of local supermarket.

"The thing that grabs me," declares Jack Fitzmaurice, Jr., president of the Periodicals Institute of Fairfield, N.J. "is somebody putting a magazine back in the rack with the cover not even in view. That's a sure way to kill sales."

Fitzmaurice's monthly publication, *Periodicals Merchandiser*, addressed this all-too-frequent problem earlier this year. A magazine cover, it stated, has "to work hard and fast to capture the attention and dollars of the potential reader." According to a New York Times Magazine Group study, the sale is lost if it fails to sell the consumer within five seconds.

Five seconds. "It's a very tough gig," Fitzmaurice points out. "The wholesaler puts the product up and takes it down. But the retailer should be concentrating on his stock. It doesn't take long for somebody to straighten it out."

The rationale that "if my customers want to buy a magazine, they'll find it," is lost in today's remarkably competitive, highly specialized, cluttered market. Hundreds of titles are vying with each other and with other divisions—the electronic media, the now ubiquitous videos—for the consumer's attention. A slovenly kept mainline display or checkout rack is a certain way to discourage sales.

In most cases, probably no more than 10 minutes of maintenance are required each day to keep displays neat and orderly—and increase business, claims the Periodicals Institute. "Some stores don't even move magazines from the less-used checkouts," says Fitzmaurice.

The solution? "Assign one person to periodicals—make them his or her daily responsibility," he suggests. "An all-category display of neatly kept titles in a high-traffic area makes selection easy and ensures the sale."

Lawrence Gunn, president and chief executive officer of Time Distribution Services (New York City), tackles the subject from a different angle: Empty shelves. "Supermarkets should treat magazines as they treat other products in their store; i.e., if Crisco shortening is empty, somebody goes to the back room and puts Crisco on the shelf," Gunn says.

"But because of the consignment element, store personnel don't feel compelled to replace periodicals when the pocket is empty. This is wrong. During down time, the clerk should fill those empty pockets at checkout. You'll see those sales increase."

Alex Urban, retail marketing manager for Murdoch Maga-

PERIODICALS

zines Distribution (Radnor, Pa.), believes obsolete titles are another deterrent to potential sales. With the exception of bare shelves, there's nothing worse than a six-week-old copy of *Sports Illustrated* or *Soap Opera Weekly* occupying a prominent place in the periodicals display.

"There should be immediate stocking of new releases," Urban says. "Don't let them sit in the back room. And checkout, in particular, should be stocked properly. We couldn't have enough manpower to stock and dress the displays."

Despite a sluggish economy, competition from the electronic media and ill-kept mainlines, the publications industry appears to be thriving. Riding the crest of the special-interest magazine boom, retail sales exceeded $6 billion in 1989 for the first time in history. Sales rose 5.2 percent over 1988.

As one periodical disappeared, six others arrived to take its place (there were 584 startups in 1989, or 100 percent more than in 1985). The popularity of many general interest publications may have waned, but hundreds of special-interest titles are booming. Clearly the pluses outweigh the minuses.

Research shows that a magazine sale will be lost if the cover fails to sell the consumer in just the first five seconds.

"It's always a sizable category," says Fitzmaurice, a recognized industry expert. "Miscellaneous housewares is the only GM category that exceeds it. Business is very healthy."

Urban, whose company publishes the enormously successful *TV Guide* as well as *Women's World, Mirabella, Seventeen, Soap Opera Digest* and six other titles, believes Murdoch is heavily tilted toward supermarkets. "Our publications are geared to the mass market," he says.

One segment of that market, heretofore overlooked, is being broached this fall. In September, Murdoch introduced *Men's Life*, a general-interest monthly publication "for the men who are leading the Baby Boom generation into the '90s."

Explains Urban, "It's for the man who is comfortable to be with himself, the emerging baby boomers between the ages of 30 and 49."

Research reveals that this audience, nearly 40 million strong, is magazine-oriented, with a readership that is 65 percent *higher* than the U.S. average. Conversely, their time spent in front of the TV set is 43 percent lower than the national norm. "We believe the time is ripe for this launch," Urban says.

The company's flagship, *TV Guide*, has taken heavy hits in recent years from cable television guides and the improved, more sophisticated offerings from metro newspapers. Nonetheless, it continues to sell nearly 17 million copies each week. Seventy percent of the single copy sales are accounted for in supermarkets, generally at checkout.

"The growth isn't what it was in the 1970s, when we increased a million in sales every year," Urban concedes. "To compete more effectively, we're breaking out new editions that are customized, cable-specific. Promoting *TV Guide* is kind of an ongoing thing. We've created point-of-purchase displays, special shopping cart displays. For the annual "Fall Preview" issue, we'll generate over 1 million additional copies, with supermarkets being the primary recipients."

Several of Murdoch's other ventures are on the upbeat, notably the biweekly *Soap Opera Digest* ("Consistently over one million copies"), *Soap Opera Weekly* and *Women's World*, whose features include bound-in recipes.

With such blockbuster titles

Continued on page 205

Let your fingers do the talking

...with Dial-A-Price® self contained pricer signs.

CIP INTERNATIONAL, long known around the world for the finest store interior designs, is proud to introduce its latest innovation in store communications.

Dial-A-Pricers are a unique, self contained pricing system that allows you to hang the sign and forget the hassles of crumbling chalk or finding dog-eared letters and numbers.

Through a series of revolving wheels, allowing you to simply dial dollars, cents and measure amounts, Dial-A-Pricers eliminate all the headaches associated with outdated pricers from another era.

Each of these rugged polystyrene pricers is imprinted with your logo or store name, and comes with your choice of one of the Special Offer Slogan Panels.

And, with the versatile design of the Dial-A-Pricers, you can hang the sign directly above any promotional display, therefore, calling attention to the special price and eliminating the need to identify the item.

Write or call today for more information on these or the full line of store communication

RUGGED POLYSTYRENE CONSTRUCTION
BOLD STRIPE GRAPHIC
STORE LOGO OR SLOGAN
SPECIAL OFFER SLOGAN PANEL
ATTENTION GETTING YELLOW ARROW, HIGHLIGHTING PRICE
DOLLARS, CENTS & MEASURE
BC
BEST CHOICE
TODAY'S SPECIAL
1.98
EA.
SELECT AMOUNTS DESIRED
SIMPLY DIALING
REVERSE SIDE
CIP INTERNATIONAL
PRODUCT GROUP
9575 Le Saint Drive
Fairfield, OH 45014

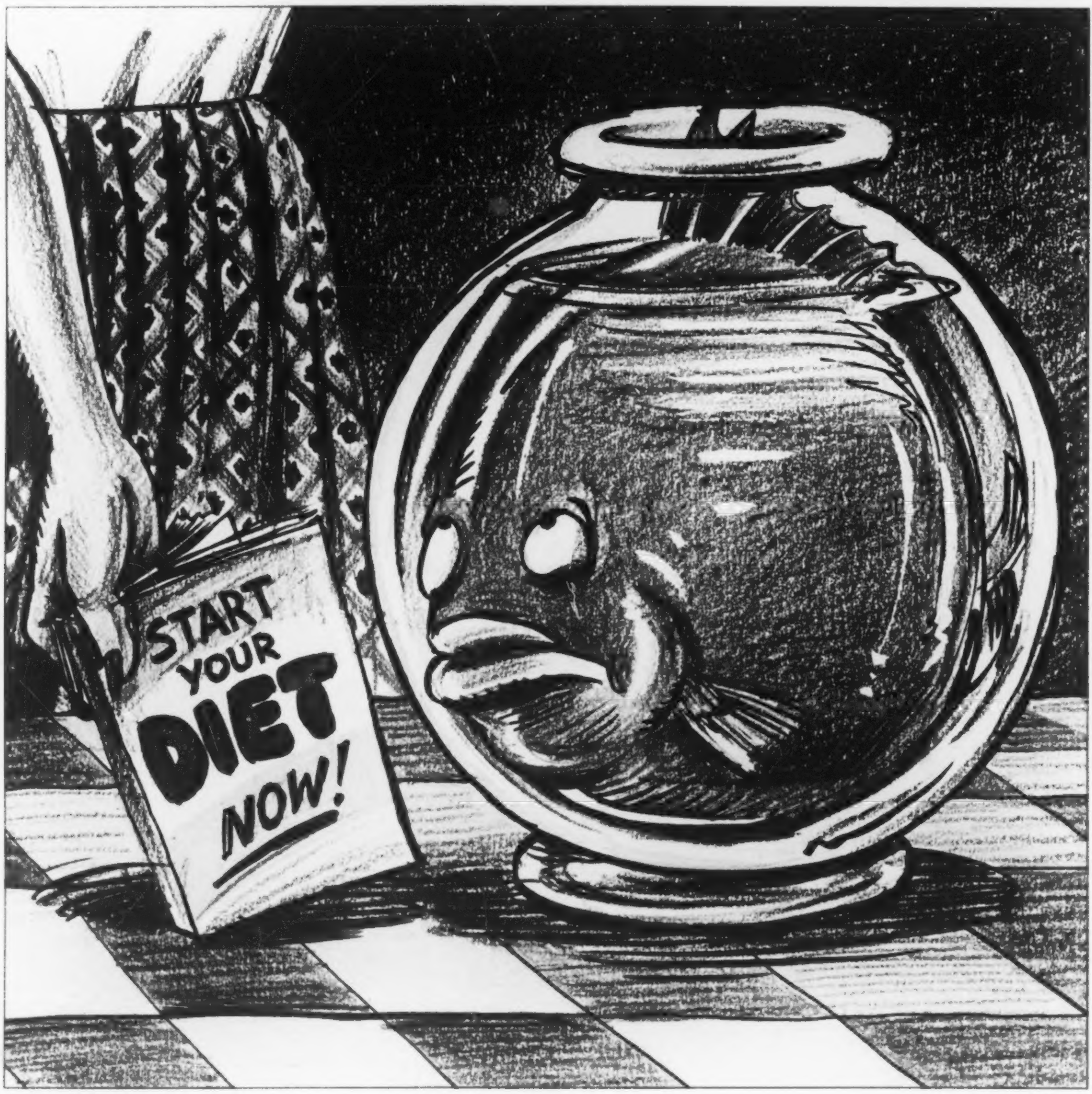

START YOUR DIET NOW!

Illustration: Steve Sweny

People are pampering their pets with fancier new foods, ranging from low-calorie to gourmet. Cat food sales are particularly strong, with double-digit dollar growth the past year.

PET NEEDS

■ In the '90s, the return to family values has rewarded the family pet with a privileged place in the household. Although the pet population is climbing only modestly, with new cat owners outnumbering new dog owners, sales of "luxury items"—premium foods, snacks and toys—continue to rise strongly.

For example, whereas supermarket sales of wet cat food increased by 6.2 percent from a year ago June, according to data from Arbitron/SAMI, ultra-gourmet wet cat food enjoyed a 12.2 percent growth in dollar volume sales. More and more, people are treating their pets like members of the family.

In response, pet food manufacturers continue to produce new premium products, a category that had already seemed to be quite saturated. Chris Green, marketing director for Kal Kan (Vernon, Cal.) remarks, "Ultra-premium products are doing extremely well." Kal Kan's premium canned cat food Whiskas and its ultrapremium brand Sheba continue to expand, adding new flavors to their lines. Green says, "All the growth is fueled by higher delivery." Cat owners want to give their pets a high-quality product that is palatable and aesthetically pleasing—presumably, to the cat as well as to the owner.

"We've seen good sales for gourmet cat food items, especially some of the top lines," says Paul Anderson, head buyer for Ball's Super Food Stores (Kansas City, Kan.). "But in the last two months, we've seen a softening [in demand] along with cost increases [from the manufacturers]. So far, we've been able to maintain our margins, although I feel there's been a little customer resistance to the higher prices."

Carnation Pet Foods' (Los Angeles, Cal.) Friskies PetCare division introduced Fresh Catch seafood for cats, a line of seven canned seafood products, in January 1990. According to Carnation spokesperson Dick Curd, "After extensive research, it was concluded that there is a market for an entire product line devoted to seafood." Carnation plans to extend the line if it continues to thrive.

Low-fat cat food

The leader in the canned cat food category is, of course, Heinz's 9 Lives. This fall, Heinz (Pittsburgh, Pa.) is introducing Lean Entree, a 95 percent fat-free canned cat food. Bob Chapek, the marketing manager in that area says, "Heretofore, these kinds of foods were only available in specialty stores or veterinarian's offices, and therefore supermarkets have been losing a significant business opportu-

PET NEEDS

nity. This area is where a lot of growth is and, until now, the grocer hasn't been able to participate." Heinz predicts that Lean Entree will bring in fat sales.

Alpo Petfoods (Allentown, Pa.) introduced its first canned cat food, bearing the grinning face of Garfield, last October. Judi Kroeger, an Alpo spokesperson, says "Sales have been extraordinarily successful. The numbers are solid, and we already have the number four market share." Alpo took five years to develop the cat food, and plans to add line extensions. According to Kroeger, dollar sales for the past nine months show that Alpo cat food is the best pet food launch in 10 years: In several markets, it has gained better than a 20 percent share.

Edward Lowe Industries, known for their dominance in the cat litter market, introduced Perfect Menu, a premium-quality dry cat food in March 1989. This year, due to the brand's success, they've added a chicken flavor.

Ralston Purina's (St. Louis, Mo.) major new product this year is DeliCat brand cat food. Spokesperson Patrick T. Farrell says, "DeliCat is a premium dry cat food in a recyclable plastic jug. It's an innovative new product in an innovative new package." Because of its unique packaging, DeliCat is readily noticeable among the standard cans and bags in the pet food aisle. DeliCat is the only premium dry cat food to be launched this year.

If it seems to you as though there are too many new cat food products to keep track of, not to mention the old standbys, you're not alone. Experts in the industry are worried that this proliferation will soon need to be curtailed. Heinz's Bob Chapek notes, "This category has gotten increasingly segmented over the past several years, with a great influx of new brands and products. I don't doubt that [the growth] will continue, but you have to wonder when the category will max out." A spokesperson for Winn-Dixie agrees that there is a battle for space on the shelf. He says that their stores usually stock most of the new pet products and their variations, but that, in the long run, only five or six out of every hundred new products survive.

Dog food down, treats up

Dog food sales, on the other hand, have actually declined somewhat in the past year, and relatively few new products have come into play. According to sources at Arbitron/SAMI, although wet dog food sales were up by a modest 4.8 percent since June 1989, dry dog food was down 1.1 percent and semi-moist sales were down by 11.3 percent. However, dog owners appear to be babying Fido too, as treats were the largest growth category, with increased sales of 5.6 percent over the same period. Among snacks, digestible toys (rawhide) earned the biggest gain, with dollar sales increasing by 11.4 percent.

Superior Brands, underdog only to Hartz (Harrison, N.J.) in dog treats sales, continues to show healthy growth. In fact, the major hindrance to expansion in their rawhide line is not lack of consumer demand, but short supplies. Bern Terry, Superior's national accounts manager, says, "The big question is, can we keep up with growth, given that beef consumption is down and the cattle hides available [for rawhide] are down?" Superior has had to postpone some major promotions due to the shortage of raw materials.

The cat food category has become increasingly segmented over the past several years, because of a great influx of new brands and products.

Even so, Superior Brands has come up with a new twist for its products. Terry says, "We've added a tartar control ingredient in some of the flavorings in the gravy—it's the same product that is put in tartar control toothpaste." He reports that the dental-friendly dog snacks are doing very well, despite the fact that rawhide alone keeps canine teeth in good shape.

Bought by Carnation earlier this year, Superior Brands hopes to benefit from cooperative couponing and marketing with Carnation products.

Purina introduced Moist 'n Meaty Lean dog food in January, 1990. The product has 25 percent less fat and salt than its regular brand and uses real beef. Patrick Farrell says Moist 'n Meaty Lean is "aimed toward Americans' emphasis on diet and health."

It seems that Americans transfer their dietary concerns to their pets. Perhaps if a pet owner has been eating too much, it may be more likely that he has been overfeeding his pet as well. In that case, projecting a need to diet on one's pet makes sense.

Alpo's Judi Kroeger says that the company's dog treats and light dog food are doing well and that the promotional levels for those products are being increased. Sales of specialty food products for dogs seem to be leveling off, though, as the overall numbers for puppy food and light food have decreased in the past year. Indeed, no new puppy products were introduced this year by any of the major pet food companies.

Concerns over Lyme disease

Flea and tick collar sales are up, in part, according to Roger Waters, vice president of marketing for ConAgra (Omaha, Neb.), because of the tick-producing weather of last year and the threat of Lyme disease. Waters says, "Lyme disease has been around for years, but I think it's on people's minds because of the notoriety it's received in the East." Waters also notes, "Lyme has raised awareness of ticks and how they travel, which is an indirect benefit for our market." Capitalizing on the public interest, ConAgra has produced an educational videotape about the life cycles of fleas and ticks and how to spot potential infections.

ConAgra purchased Sergeants Pet Products in June 1989. Together, the two companies now have a distinctive presence in the pet accessories industry. Waters says the aquisition, "doubled business overnight and made us a legitimate number two [to Hartz] in the marketplace." Among other benefits, the acquisition has allowed ConAgra to use Sergeants' research and development facility.

Cat litter sales are up substantially from a year ago. Edward Lowe Industries' director of marketing Steve Levy says, "We introduced the Tidy Cat MC [Multiple Cat] product this year, and it's doing very very well." The new litter is formulated to handle the higher levels of odor and activity created wher two or more cats use one litter box. He points out that 43 percent of cat-owning homes keep more than one cat. The new litter seems to have found a profitable niche.

Stackable cans

When asked about the impact of environmental issue on the market, many company spokespersons commented tha they are introducing recycling symbols to their packaging, even if, as often is the case, the container has been recyclable all along. Bob Chapek of Heinz makes this point: "Some consumer education needs to take place, because consumers aren't aware of the benefits of steel for recyclability."

Dick Curd of Carnation (who also mentioned that they were the first to introduce a single-serving pop-top can) announced that Carnation is now selling Friskies canned products in indented, stackable cans. He says, "Shelf stackability is something that grocers have been asking for for years, and now we've redesigned the can." Curd suspects that other makers of canned pet food will soon develop a beveled can as well.

As to the newly opening markets in Eastern Europe and elsewhere, many pet products manufacturers say that they ar already marketing abroad, but several mention that they see foreign marketplaces as potential growth areas. Chris Green of Kal Kan notes, "There are a number of growth markets for us. We opened up Korea this past year, and we're very excited about it." Purina's Farrell says, "We've seen a lot of growth in Spain and Portugal, and we've had success in the Pacific Rim nations as well."

One would suspect that increasing worldwide commerce will enable pet food producers to continue expansion abroad.

—KAREN ANDERSON

Illustration: Paulette Bogan

Produce sales grew strongly. And when it came to the impact of food safety scares, ~~the~~ sound and fury signified...nothing.

PRODUCE

■ "Pesticides, the Chilean grape scare and Alar hysteria destroyed supermarket produce sales in 1989." If that's what you expected this story to say, guess again.

The produce industry had an excellent 1989 in supermarkets, according to SUPERMARKET BUSINESS's 1990 Consumer Expenditures Study. Supermarket sales posted a 8.4 percent increase in dollar volume, as compared with a gain of just 3.3 percent in 1988. This, in spite of the attacks and disasters that colored any discussion of fruits and vegetables for almost the entire year.

In 1990, the climate has cooled considerably; but even during last year, the cooler heads among consumers prevailed. According to observers, the big health benefits conveyed by consumption of fruits and vegetables—admitted by even the most rabid antipesticide activists—were deemed more important by Americans than the marginal—and frequently theoretical—health risks posed by agricultural chemicals or tampering.

According to Bryan Silbermann, retail staff vice president of the Produce Marketing Association, the primary reason for the category growth can be summed up easily.

"Nutrition. Nutrition and health concerns," he says, though he adds that supermarkets have contributed to the strength of sales. "The retail industry as a whole has been positioning the department to meet consumer health concerns. And those concerns will become bigger in the future. PMA has marketing initiatives that will come into play in the future, such as when nutritional labeling comes in."

John McClung, senior director of public affairs, said the message of doom, and the messengers, failed to hurt sales largely because the safety issues they raise don't have nearly the weight of arguments for boosting produce consumption.

"There's no question that fruits and vegetables are viewed by the public, the medical community and the media as positive," he says. "So the pesticide/food safety issue didn't have a deleterious effect on sales, in part because the criticisms were so broadly based that consumers couldn't react to them. The Alar in apples warnings took hold because a particular product was identified. But consumers are more skeptical of extreme claims about peril in the food supply than they were a year or two ago."

Silbermann contends that the nutritional value of fruits and vegetables may not even be as responsible for the continued health of the produce business as has been the continuing strong industry response on issues such as pesticides.

Continued

PRODUCE

"The nutritional aspect helped. But the way the industry reacted addressed consumer concerns. For example, pesticide testing. Testing initiated at retail has shifted back along the distribution chain and boosted confidence at all levels."

But Silbermann adds that to ignore the institutional changes that have taken place throughout the produce industry would be to ignore an important underlying cause of the business's success.

"We've seen an increase in retailers' ability to handle a wider variety of product," he says. "Distribution is better. New computer codes are coming out that ease handling. And an awareness of profitability has resulted in more space devoted to produce departments in new and remodeled stores."

A blight of bad news

But even while supermarkets were pressing ahead with more sophisticated produce merchandising systems and operations in 1989, pesticide and related controversies seemed to threaten the future of the business. Yet now, as the threat blows over, different supermarkets have very different perspectives on what happened and how they and the food industry reacted.

Tom Cullen, vice president of government relations for King Kullen Grocery Co. Inc. (Westbury, N.Y.), says that there was an immediate impact. But industry reaction and government assurances eventually helped to bolster consumer confidence.

"I do think there was some impact," says Cullen. "Of course, the impact was more pronounced around the time the criticisms were announced. It weighed on people's minds then."

Consumer education is critical if produce sales are to continue to grow. Cullen says supermarkets have to communicate the facts accurately to consumers. But those facts have to come from the government.

"Pesticides are not going away, but people want to know what will happen with pesticides in the future. An educated customer wants to know what's going on. That's part of their becoming more health-conscious. And we're going to have to do more to inform customers. Especially with the labeling initiatives, the customers are going to be looking to us for even more information. But it's the federal government's role to test. We can't afford to test everything we sell, so we rely on the federal government to do it. The food industry has to rely on federal standards."

According to Cullen, officials who have the public trust, such as the United States surgeon general, helped abate the most acute concerns by pointing out that the benefits of fruit and vegetable consumption far outweigh any potential risks.

While it is generally recognized that ensuring the safety of the food supply is the governments business, some supermarkets decided, during 1989, that addressing the customer concerns about pesticides in their produce was their job. Raley's (Sacramento, Cal.) was one of the first companies to contract a testing firm to determine whether its produce supplies were treated with suspect chemicals. Raley's was also among the first firms to actively market their testing program.

'Following the grape scare, organic produce was up, but it stacked off rapidly afterward.'

According to Charles Collings, president, Raley's response, and the response of like-minded firms, went a long way toward reassuring consumers who were confused by the conflicting claims made by social activists, the government and the food industry.

"My gut feeling is that our emphasis on supplying pesticide-free produce and testing allayed consumer fears," says Collings.

Yet not all initiatives launched by supermarkets during last year's crisis climate have survived the more recent, more pacific atmosphere. For example, "Consumers have not opted to pay higher prices for organic produce," says Col-

but it slacked off rapidly afterward."

Organics were touted by antipesticide enthusiasts as the solution to the problem of agricultural chemicals. Several supermarket chains added or expanded selection of organic produce to offer an option to their most concerned customers. But supermarkets found that the less-than-perfect appearance, the high price and spotty supply of organic produce turned off many originally enthusiastic consumers.

Louis Denrich, president of Valu Food (Baltimore), says the problem with organic produce is that, once you get a look at it, it doesn't appear to live up to its billing.

"I think credibility may have something to do with it," he says. "You can't touch and feel the difference between regular and organic produce. If something is salt-free, you can taste it. What does organic look like? An organic head of lettuce looks just like a regular head of lettuce, or perhaps a little worse. If something looks like a Chevy and is priced 50 percent higher than a Cadillac, there's no proof it is what it says it is."

Organic produce may have a future in supermarkets, says Denrich, if it is branded or certified or in some other way visibly distinguished, as a reminder of what potential benefits it offers and why it commands a higher price.

Denrich says that people are resigned to whatever risk pesticides pose because the benefits of produce are greater. Nutrition ensures consumer acceptance.

Hanging tough

"In some markets, third-party testing and organic produce had a big effect, but overall they didn't have much impact," says Gene Battaglia, vice president of produce for Scrivner, Inc. (Oklahoma City) and a member of UFFVA'a retail merchandising board. "Produce survived without such things as organics being

Battaglia says industry reaction reassures some skittish shoppers that the produce aisle's glow of good health wasn't tainted by toxins.

"Apples made an excellent comeback," he says. "The Apple Commission did a good job. Produce made a good comeback, too. But we've got to stay on top of it and educate consumers."

Although acknowledging that consumers were concerned about reports of chemical hazards, at least one produce specialist believes the industry overreacted.

"The pesticide problems had a temporary impact, but it disappeared after a short time," says Michael Cholbi, produce merchandiser at United Grocers, Inc. (Portland, Ore.). "I think we were more concerned than the customers. We started jumping up and down, getting panicky. We were putting signs up to give consumers information, but I think it just continued the scare. After we were talking to the customers, we found the reaction was out of proportion to the concern."

He said even apples made a quick comeback, even if such an possibility seemed like pie in the sky during the Alar scare. He said that scares happen from time to time, but the impact is always temporary.

"Consumers are reasonable enough to think it out. They know that reporters need a story, that problems are going to get media attention. We've got to provide more education. But I think that they see both sides of the issue now."

At a time when people seemed resigned that anything offering high hopes has a down side somewhere, produce sales shouldn't be shaken by a little bad news. Besides, critics offer no alternative that offers the same benefits.

People may have begun consuming more produce for their health, he says. But now, people are treating their greens as an element of diet that can also be fun.

"People are starting to get the idea that grapes are better for you than Twinkies," Rubel says. "We've seen more people using grapes as a snack food. And our broccaflower—a cross between broccoli and cauli-

Illustration: Paulette Bogan

Aim-and-shoot cameras continue to drive film sales. But to maximize potential profits from photo needs, supermarkets may need to broaden their approach to the category.

PHOTO SUPPLIES

■ As has happened time and again, new, better, simpler cameras today are helping Americans rediscover their love of picture taking.

Not photography, but picture taking. The distinction is important, especially to supermarkets. The average shutterbug isn't looking to create art, but to take snapshots of family and personal events such as graduations, vacations and weddings.

In the past, the enthusiasm of the weekend photographer was dampened by the poor quality of simple cameras. Enthusiasm for easy-to-use cameras, from the Kodak Brownie to the 126, 135 and disk formats, faded among the more fastidious as it became clear that those devices couldn't match the picture quality of 35mm single-lens reflex cameras. As advanced amateurs graduated to the camera shop to learn the intricacies of SLR photography, they frequently took their film business with them and out of mass market retailers, including supermarkets.

But the past may not be so quick to repeat itself this time. Advances in aim-and-shoot 35mm cameras have resulted in picture quality that rivals what most amateurs accomplish using SLRs. While SLRs are introducing more automatic features themselves, they remain more complicated, costly and cumbersome than their aim-and-shoot cousins.

Supermarket strategy debated

All this translates into a bright future for supermarket photo operations, according to store operators and film manufacturers alike. But the two major 35mm film manufacturers disagree about how to best build upon those opportunities.

Eastman Kodak Co. (Rochester, N.Y.) encourages supermarkets to build their full-service shops or sections as the anchor of all photo operations. To get the maximum return from photo operations, Kodak insists, supermarkets have to do their own film processing.

"Our initiative this year is not much different from last year," says Terrence Reilly, Manager of Trade Sales for Kodak's U.S. sales division. "It's trying to get everyone to do complete photo finishing as well as to sell film, because they go hand in hand."

A complete photo program not only takes into account consumer needs for convenience, but also the need to remind consumers that the convenience they crave is available in the supermarket.

"One of the primary ways to do that is to have multiple locations of the product," Reilly says. "An aisle where there are picnic supplies is an absolutely natural location for film. If a food store has cards and gifts, it too is a perfect

PHOTO SUPPLIES

place for film.

"Also, a lot of advertising is required. Supermarkets need to make photo part of their circulars. In-store signage is crucial, especially if photo finishing is involved."

Reilly says that, in a well-run photo operation, film and processing are two sides of the sales dollar. "You can't separate photo finishing from film, and you can't separate film from photo finishing. One feeds off the other.

"If you want to run a super photo finishing department—which is very profitable, with virtually no inventory—you can't maximize its potential without photo finishing. You have to sell a lot of film. But, while film's profitable and it turns nicely, photo finishing is *extremely* profitable and there's no inventory—so the turns are terrific."

Imaging needs

While Kodak promotes the creation of a photo store within the supermarket, Fuji Photo Film U.S.A. (Elmsford, N.Y.) has developed a promotion it hopes will show food retailers a new future for photo products as the core of an imaging products business.

With a product line that includes, in addition to film, floppy disks, blank videotapes and audio cassettes, Fuji is offering cross-merchandising programs designed to make supermarkets the center of what, increasingly, are everyday imaging needs.

The promotion, using the Fuji blimp as centerpiece and the theme "Quality Above the Rest," includes a sweepstakes, a merchandise offer, and a coupon book including savings of one kind of merchandise when consumers buy another. Also included are three sets of free-standing inserts, the first placed in newspapers nationwide in August.

"The biggest umbrella to the promotion is certainly the two sets of FSIs of each of the assorted products, tape, floppy disks and film," says Paul Smith, director of sales and assistant general manager of the photographic products division. "There are a lot of chains, large and small alike, that have started with electronic tape over the last couple of years. More recently, they've also added floppy disk sections, especially on the West Coast."

"The synergy between products under a corporate umbrella always will give you more clout, in terms of customer appeal and merchandising opportunities," says Smith. "Imaging is so popular right now, and it's going to be the watchword of the '90s. We're saying to Mr. Retailer that you can run several products in a Fuji promotion, which will increase you're total velocity and your volume draw, and we'll also bring in customers with FSIs."

Smith says the imaging umbrella will continue to build Fuji's film franchise. Supermarket operators are split on their reviews of Fuji film. Even among operators who aggressively promote general merchandise, some question the need of a second film brand.

'Single-use cameras are a good item for food stores—they're good for last-minute shoppers on vacation.'

But others believe that, for a major photo program to be competitive, it has to offer variety. "We're expanding our Fuji film line," says Rob Boley of Fred Meyer (Portland, Ore.). "They're real good products and they've done a good job of taking care of us. We think of each section as a specialty business and run it as one. Fuji is a preferred brand of a large number of people here. We have to be able to compete with photo stores, so we carry Fuji as well as Kodak and our own film brand."

Fred Meyer also approves of Fuji's marketing direction. "We do believe in a lot of cross-merchandising," says Boley.

Fuji isn't alone, however, in offering a cross-merchandised imaging package to retailers. Polaroid Corp. (Cambridge, Mass.) is using cross-promotions that include its 600 series instant photo film and its T120 videotapes to increase business in those products and to boost sales and supermarket acceptance of its OneFilm 35mm product, which was introduced last year.

The promotions include a variety of coupons, including, for example, 50-cents-off coupons included with T120 videotapes.

According to Don Patrick, director of marketing for U.S. consumer products, the OneFilm rollout is continuing and has been satisfactory. But he added that the cross-promotions that are being offered will strengthen acceptance among supermarket operators who sell instant film and videotapes but who have yet to add OneFilm.

"Supermarket acceptance has been good, considering the strength of the competition," he says. "We've found we have good appeal to female shoppers. They are confident in the brand name."

Polaroid has launched a national ad campaign, including network television advertising, to heighten the company's profile among customers. Featuring an amateur shutterbug on a semi-safari—although he appears to be in the bush, he's actually in a safari park—the campaign will include in-store tie-ins that, throughout the second half of 1990, will put particular emphasis on OneFilm.

Disposable cameras a hit

While the proliferation of aim-and-shoot cameras is responsible for most of the growth in photo category, a second, significant innovation has both Fuji and Kodak smiling for the camera—the disposable camera, that is.

"Food stores are doing terrifically in single-use cameras," says Reilly. "We've sold in dollars 10 times to June this year what we did to June last year. It's a good item for food stores. It's single-use. It's good for last-minute shoppers who are going on vacation. Our distribution in food stores has quadrupled this year."

Smith says Fuji is looking for single-use cameras to gain the kind of market share in America they enjoy in Japan.

"In Japan, the business is approaching 10 percent of all camera sales," he explains. "And those sales don't eat into significantly into the film business because, in many cases, people take a single-use camera when they wouldn't take a normal camera."

Reilly contends that the success of single-use cameras may foreshadow better performance in other camera sales, in particular, sales of aim-and-shoot units.

"Food stores in general don't sell many of those," he says. "I think they can do a better job. And as the price points come down, I think you'll see them do a better job. We're going to have cameras that retail for $29.95 this Christmas. I think we're getting into the price points where food stores can do well."

While single-use cameras address the issue of convenience, other film programs are meeting the heightened expectations of the more sophisticated camera user. Some supermarket operators have noted demand for a broader range of film products. Fuji especially has been aggressive promoting 35mm film beyond 100 and 200 I.S.O. (a.k.a. A.S.A.). But Kodak is responding, too, with its Ektar film line.

Multipack film sales also will become increasingly important in food stores, manufacturers say. "Multipacks are especially important if you're into photo finishing. You want customers to have more film—because if they have more film, they shoot more pictures. Now, food stores don't sell as much as drug or discount stores, but that in itself should tell you something. They probably should."

Of course, supermarkets also have to develop their own multipack strategies if the products are to gain acceptance among food store customers. For supermarkets to build multipack sales, says Reilly, "Number one, they have to advertise it, which they don't. Number two, they have to get it on their planograms, which they generally don't. Three, they just have to promote them. And, it's a little hard to get them to promote multipacks because they're a little scared of their retail price point—a valid concern.

Thus, manufacturers say that, given a little work and a recognition that competing in the film category requires building a comprehensive approach to business, the picture for photo sales in supermarkets remains rosy.

—MIKE DUFF

Illustration: Paulette Bogan

More new fruit juice flavors and other refrigerated products are being introduced than stores can accommodate. But some of the category's predicted growth was slowed last year by sharply higher orange juice prices resulting from cold Florida weather.

REFRIGERATED FOODS

■ "Potential " and "maturation" are the key words in the chilled-foods market.

The former refers to industrywide forecasts for continued growth in refrigerated foods and juices, which have spurred an extensive slate of product introductions and line extensions.

The latter refers to the category's performance over the past year, which was affected by everything from cold weather to retailer reluctance to expand refrigerated sections as quickly as new offerings, which now range from blended juices to pudding, are put on the market.

Refrigerated juice and food suppliers are creating, marketing and expanding the focus of a widening variety of products, as they strive to live up to growing consumer demand for fresh, high-quality items shoppers consider healthier and better-tasting. Buoyed by the category's strong performance over the past two years, the makers are geared to exploit a market most indicators say is destined for continued growth through the 1990s.

But over the last few months of 1989 and the beginning of this year, outside forces slowed the sales growth of several of the refrigerated categories. Orange juice led the way, as tightened supply and resulting price increases stalled sales.

In other chilled foods and juices, retailers, working with finite refrigerated sections, seemed unable to keep up with the pace of new product introductions and line extensions, and thus were forced to pick and choose among a growing group of offerings.

Over the past two years, retailers across the country expanded the square footage they devoted to refrigerated products to accommodate a series of popular new offerings. The new products are still coming, but similar expansions are not expected to take place in the immediate future, and dealers will increasingly be forced to make tough choices as to what products they'll carry.

"We had a big expansion a year or so ago in that category; we would have to see more growth to (expand) again," said Terry Ritchey, merchandiser for dairy and refrigerated products at Dierbergs Supermarkets (Chesterfield, Mo.).

According to Ritchey, orange juice prices experienced "quite an increase" this year, triggering a slowdown in sales. Suppliers attribute the higher prices to a fierce winter freeze that cut into the supply of orange juice out of Florida. "That's the word we heard down the line," said Ritchey.

On other fronts, "Blended juices had a little more growth (in sales as compared to last year)." A wider selection of

REFRIGERATED FOODS

flavors was introduced by existing players in the category, and choices in refrigerated foods, including pastas and snacks, are increasing as well, he added. "Basically we're in the same (growth) mode as last year."

Although the winter freeze hurt orange juice leader Tropicana (as it did all of the major orange juice producers), the Bradenton, Fla. supplier continued efforts to introduce packaging options in its Pure Premium not-from-concentrate orange juice line.

Among the new products are Pure Premium Triplets—portable snack packs, each containing three eight-ounce, single-serving cartons of the maker's not-from-concentrate orange juice.

According to the company, the new line extension will not compete with other Pure Premium sizes "because the product provides for new-occasions usage."

This year, Tropicana also introduced Tropicana Juice Sparkler. Tested over a four-year period, the juices are predominantly Tropicana juices with "a touch of carbonation."

"Consumers want quality juices but are also looking for lighter, refreshing alternatives," said Robert Urbain, senior vice president of marketing. "The sparkling beverage category was almost $600 million in sales last year. In that category, the sparkling juice segment is clearly providing the growth with almost a 25 percent gallon increase in 1989 compared with the previous year."

The company's Tropicana Twister blended juices have continued to grow, and the maker expanded the line with a group of frozen Twister products.

"Frozen blended juices and juice beverages are one of the fastest growing segments in the freezer case," said Robert Soran, Tropicana president. "The frozen Tropicana Twisters will build on the tremendous success we have seen from Tropicana Twister in 46-ounce glass."

Although they began as dry-shelf items, the Twister juices are now being merchandised in refrigerated cases as well. According to the company, the product has been responsible for over $100 million in sales since its introduction. Two new flavors, orange/peach and orange/raspberry, were introduced in 10-ounce sizes this year, and a 64-ounce glass container is now available in selected Northwest markets.

"Things are going well for us in the (orange juice) category, but last winter's Florida freeze hurt everybody," said Dan Schafer, director of public affairs for Tropicana's Houston-based arch rival, Minute Maid. The firm has completed the roll-out of Premium Choice, its not-from-concentrate orange juice drink first introduced in 1988. "Right now we're pretty much up and down the East Coast and Florida. That's where the majority of the consumption—about 70 percent—of orange juice occurs," said Schafer.

> **'In 1989, the sparkling juice segment had a gallon increase of almost 25 percent compared with the year before.'**

Last year, Schafer said the growth of the ready-to-serve market prompted his company's entry into the chilled not-from-concentrate category. "We're looking at double-digit growth in the chilled orange juice segment. Consumers like the product, and as we come out with more products and better packaging, the category will grow," he said.

Schafer said although both Minute Maid's Premium Choice not-from-concentrate and its frozen concentrate orange juices are maintaining market share (at 17 percent and 5.2 percent, respectively). "You'll find that chilled juice sales are reflective of what's going on in the entire orange juice industry. Chilled orange juice sales are basically flat. You're not seeing the growth that we had before."

Schafer cited Minute Maid's own figures, which showed sales had risen only 2 percent over the course of the year. But he added that the slowdown was only temporary and due almost exclusively to the freeze. "The category is going to grow again. That decline has flattened out."

This year, consumers turned to blended juices in response to the price jumps in orange juice, said Schafer. "People tend to want those products when orange juice prices get high. The volume in chilled orange juice was down 9 percent in the second quarter of the year while all chilled juice drinks were down only 3 percent."

Limited cooler space

Schafer also said that retailers have been slow to add cooler space as the number of offerings in the category expands. "The retailer has to know that he's getting a return on the space in his cooler. Obviously, the refrigerator is a major investment."

Meanwhile, other products in the refrigerated category are growing as makers are expanding their distribution to more parts of the country.

Ocean Spray Cranberries (Lakeville, Mass) has completed the rollout of a line chilled diet juice drinks with only two-thirds the calorie content of other juices, according to John Kirtland, divisional manager for chilled products.

The drinks, which feature NutraSweet, are available in cranberry juice cocktail, cranberry/raspberry and cranberry/apple flavors. They are available in about 20 percent of the country, including such major markets as New York, Philadelphia, central Pennsylvania, Chicago, Washington, D.C. and Baltimore.

"The trend toward light and diet foods in the U.S. seems to be around to stay," said Kirtland. "These juices are not so much for (strict) dieters as for calorie-conscious consumers." He added the diet juices average 15 to 30 calories per glass, while nondiet juices average 90 to 110.

"There is a subsection of the population that wants to avoid sugar in its diet," he said. "Some of our criteria for entering these areas were whether they were good refrigerated markets as well as good Ocean Spray markets. Consumer acceptance among those who've tried the product is good.

"The [chilled diet juice] category is wide open, but it's one of the most difficult to market. Our idea is to communicate the benefits of the product to the people." In keeping with this goal, Ocean Spray is running a consumer advertising campaign to help launch the product.

Blended juices continue to be the fastest-growing offering in the refrigerated case. Consumers, say suppliers and dealers, consider the drinks healthier, fresher and better tasting. The high price of orange juice this year also contributed to the popularity of the blends.

Dole Packaged Foods Corp. (San Francisco, Cal.) introduced the Paradise Fruits blended line late last year with two offerings: a pineapple/passion fruit/banana juice mixture and a pineapple/orange/guava combination. Chiquita has also entered the blended category, with Caribbean Splash (a mixture of pineapple, guava, mango and banana juices) and Tropical Squeeze (pineapple, pear and passion fruit).

Fresh pastas make up another fast-growing category in the chilled case. According to *Business Trend* analysts, a New York research firm, sales of fresh pasta will grow an average of 17 percent per year over the next decade to $720 million, 10 percent of the total pasta market.

The category's only nationally distributed brand, Contadina Fresh (a subsidiary of Carnation Co., of Los Angeles), is building on the success of its refrigerated pastas and pasta sauces with a new line of pasta salads and salad sauces.

"We're running our production facilities as fast as we can," said Dick Curd, a spokesman for Carnation. "Many consumers out there want their food prepared, but still want to have something to do with preparing it."

Made to be served over Contadina salad pasta, the sauces eliminate the need for consumers to wash, cut and prepare vegetables and herbs for a pasta salad.

In refrigerated desserts, General Foods (White Plains, N.Y.) offers Jell-O Pudding Snacks in eight flavors. The desserts are sold by the company's Oscar Mayer sales force. With its expansion into the southeast this year, the product is available throughout the country. —BRIAN EDWARDS

Illustration: Steve Sweny

New snack product introductions are making the competition for shelf space stiffer than ever. Snacks made with less salt and fat are doing well, while sales of microwavable products—though still growing—are not rising nearly as fast as a year ago.

SNACK FOODS

■ Snacks crackled and popped in 1989, reaching all-time sales figures just one year after the drought that forced supplies of America's favorite snack, potato chips, down, and prices up.

With potato chip sales dragging during 1989's first quarter, other snack categories picked up the slack. By year's end, total snack sales had increased 9.4 percent over 1988, topping out at $11.93 billion, according to the Alexandria, Va.-based Snack Food Association (SFA). Pound volume rose 3.8 percent, to 4.56 billion pounds. According to the Food Institute (Fair Lawn, N.J.), snacks outperformed the average volume growth for all grocery products.

Every major snack category, with the sole exception of nuts, showed increases in sales, pound volume, or both. For example:

- Potato chips still led the snack segment with $3.0 billion in sales, up 8.9 percent over 1988. Per capita consumption of the crunchy snack was 5.96 pounds. Favorite varieties included jalapeño, sales of which jumped 27.3 percent over 1988, and barbecue, up 15 percent. Sales of kettle-cooked chips rose 9.1 percent year to year, the highest gain of any variety. Due to supply shortages, some rationing was reported at the shelf level, and several companies stopped promoting potato chips. Questions also arose about the remaining crop's quality.
- Tortilla chips finished in second place, with sales of $2.1 billion, an increase of 14.1 percent. Per capita consumption was 3.7 pounds. Spicy/hot tortilla chip sales leaped 55.6 percent year to year.
- While snack nut sales dropped 0.2 percent in 1989, sales still finished third among all categories, at $1.6 percent billion. Per capita consumption reached 1.96 percent pounds. Cashews measured a slight, 5.5 percent year-to-year sales rise, while Brazil nut sales plummeted by 48 percent.
- Other snack sales leaders included microwavable popcorn, with $821.8 million in sales (up 4.9 percent over 1988); extruded snacks (primarily cheese-based products), at $658.1 million (up 1.4 percent); corn chips, $635.7 million (up 22.0 percent); pretzels, $557.7 million (up 18.6 percent); meat snacks, $483.6 million (up 2.6 percent); ready-to-eat popcorn, $368.3 million (up 22.0 percent); variety packs, $212.9 million (up 16.9 percent); pork rinds, $195.0 million (up 14.2 percent); unpopped popcorn, $185.2 million (up 1.1 percent); and party mix, $157.3 million (up 27.8 percent).

Potato sticks, with sales of $71.7 million, showed the

SNACK FOODS

greatest year-to-year growth, at 44.3 percent. If nuts and unpopped popcorn were removed from the survey, the remaining snack categories would show an 11.1 percent growth in dollar sales and a 5.1 percent growth in pound volume.

In the potato chip segment, sales of kettle-cooked chips continued to grow, as more companies added them to their product mixes. At the same time, a burst of flavor varieties in ready-to-eat popcorn has the category past microwavable popcorn. While ready-to-eat has notched sales gains of 20 percent or more for two consecutive years, microwavable sales rose just 5 percent last year, after a 28 percent rise in 1988.

Pork rinds continued to bask in the presidential glow of George Bush's endorsement, and pretzels benefited from their image as a healthful, low-calorie snack.

"The effects of the drought in 1988 were still being felt pretty heavily through the first three months of 1989," notes Al Rickard, director of communication for SFA. "Potato chips suffered as a result. Manufacturers cut down on their promotions, and sales dropped. But when the shortage eased, around April, potato chips rebounded strongly."

"Shelf-buying" fees up sharply

The war between the snack segment's "Top Five"—Frito-Lay, Borden, Eagle Snacks, Keebler, and Procter & Gamble—also reached a fever pitch over "shelf-buying," according to industry sources. Several executives reported that the price for supermarket shelf space in certain stores had jumped to as much as $1,000 per section-foot for a year-long contract, according to SFA.

"The message is clear," Joe Welch, chairman of Bachman Co. (Reading, Pa.), said in the association's state-of-the-industry report. "Don't ante up, and you lose space." Frank Donovan, president of State Line Snacks Corp. (Wilbraham, Ma.), added, "We've got to put some sanity back into this business."

"Shelf space is always going to be a problem," says Rickard. "It's becoming more of an issue now because more major companies are getting into the game. Keebler has gotten in there in the last three years, and Eagle continues to expand. And Procter & Gamble has a lot of new products out there."

"The number of new items introduced recently has just about doubled the total number of snack food products on our shelves," according to Lou Zaret, executive vice president and director of merchandising for 13-unit Grand Central Markets (Stamford, Conn.). "Whether it's snacks in bags, or different kinds of chips, new flavors, textures, or 'light' varieties—the number of variations is booming."

While Zaret concedes that "new items always take off early and then level down," he nonetheless feels that product diversification can only help sales in the long run.

'The message is clear: Don't ante up, and you lose space. We've got to put some sanity back into this business.'

Despite the great number of new product introductions, some retailers think something may still be lacking. Ken Malecki, merchandiser/buyer for the 148-store Top's Markets Inc. (Buffalo, N.Y.), says that snack makers have "got to come up with something new and innovative as far as flavors. Cajun and some of the cheese flavors have already peaked." One new flavor, suggests Malecki, could be ketchup-flavored potato chips, "which are already available in Canada."

Malecki also sees consumers leaning toward the recently introduced processed chip and popcorn products. "Those are two new areas that are starting to take off. In my opinion, manufacturers are finding out that those products are easier for them costwise."

Another 1989 trend was snack companies' rush to place many new "light" and "lightly salted" products onto supermarket shelves, responding to Americans' continued demand for food products that are low in fat, cholesterol, tropical oils, and sodium.

While some producers saw the trend toward healthier snacks as perhaps their industry's most important, others suggested that consumers' dedication to healthier munching is regularly suspended while snacking.

Snack segment leader Frito-Lay Inc. (Dallas, Tex.)—which holds a four-to-one advantage in domestic sales over its nearest competitor, Borden (New York, N.Y.)—topped $4.2 billion in worldwide sales and showed a profit of $821 million. The company jumped into the healthful snack market last year by testing several light snacks, which were rolled out in February. Among them: Ruffles Light, Doritos Light, and Chee-tos Light. Each of the products contains one-third less oil than the regular brands.

"And there will be more to come," says Frito-Lay spokesman Terry Fassburg. "The trend toward healthier foods is the most important trend in the industry."

In addition to its new light line, Frito-Lay—a division of PepsiCo Inc.—also rolled out cheddar cheese-flavored Smart Food brand popcorn; Jumpin' Jack Doritos, a cheese-flavored chip; Chee-tos Paws, a paw-shaped cheese snack; and Sun Chips, a cholesterol-free, multi-grain snack made from whole wheat, corn, and other natural ingredients.

"The strong growth in both popcorn and pretzels is a result of their being perceived as healthier options," says Greg Metzger, vice president of marketing for Borden's Snacks and International Consumer Products division.

The Columbus, Ohio-based snack group, with 1989 worldwide sales of $1.2 billion and domestic sales of $762 million, has yet to forcefully enter the light-snack fray, although it has recently introduced Wise Choice, a no-salt premium popcorn.

Borden's major new product introductions came as the result of acquisitions. The company, largely an amalgam of regional snack makers, bought Quinlan Pretzel Co. in June. Borden also purchased Moore's Quality Snack Foods of Bristol, Va.

Borden also continued its 1988 rollout of Krunchers! potato chips into more than 25 states. In all, 1989 sales of the product increased 50 percent, to $60 million.

Eagle Snacks, a wholly owned subsidiary of Anheuser-Busch Cos. Inc. (St. Louis, Mo.), recently introduced three new tortilla chip products in selected markets: Eagle Nacho Cheese, Ranch, and Restaurant Style tortilla chips.

"Movement into the tortilla chip market," notes Eagle president Kevin Bowler, "was a natural progression for us as a snack food manufacturer. We have now become a player in every salted snack category." Eagle captured an estimated $300 million in sales last year.

Accompanying the introduction of the three lightly salted chip varieties is the debut of cholesterol-free Eagle Salsa and Bean dips.

The company is also testing Cape Cod light popcorn. Bill Updyke, executive vice president of field sales, says he's seen "mixed reviews" on the "light" snack trend. "Putting 'healthy' and 'snack' together is almost oxymoronic. It's really too early to tell if it's been a success or not."

Keebler Co. (St. Louis, Mo.), a division of United Biscuits, notched estimated total 1989 sales of $240 million. The company rolled out its first rippled potato chip, Ripplin's, in May. The product, available in original and barbecue flavors, offers an extra-crispy texture.

The rollout follows on the heels of 1988's introduction of O'Boisie's potato chip—Keebler's most successful product introduction to date—and Suncheros, a tortilla chip.

Keebler spokesman Stu Greenblat says that other trends worth noting include the increasing popularity of smaller, bite-sized snacks, and that of "hard-bite," or extra crunchy, potato chips.

Procter & Gamble's major introduction in 1989 was Corn Crisps. Available in original and tangy cheese flavors, the product added pizzazz to the soporific corn chip category. P&G also bought the Fisher Nut Co. from Beatrice/Hunt-Wesson Inc., thus becoming a major player in that category.

The mainstay of P&G's product line remains the 20-year-old, cannister-packed Pringle's ridged potato chips. The company did not release sales figures.

—HOWARD RIELL

CHERRY SODA

Illustration: Steve Sweny

As natural and man-made hazards plagued the soft drinks category this year, water (water?) continued to set new records in the thirst-quenching department.

SOFT DRINKS

■ It has been an entertaining year in the soft drink business.

The industry had its own soap opera in the withdrawal and reintroduction of Perrier. The ongoing story had the two elements most identified with the soaps: melodrama—in the decision to pull all U.S. products after traces of benzene were discovered in some samples of the sparkling water—and high comedy—as Perrier's planned triumphant reintroduction was marred by resupply problems, rumors that the Perrier spring was contaminated, revocation of the right to call the water "naturally sparkling" and the near loss of the right to call the product sodium-free in the company's key New York market.

There was comedy, of course, provided once again by Coca-Cola, whose Magic Can promotion turned out to be less than miraculous. And there were quite a few new acts trying to win big audiences, in spite of long odds of success.

The Perrier predicament dominated press notices of the soft drink business from its discovery in February of last year and into 1990. The ironic circumstances surrounding the discovery of the Perrier problem might have warned the company that they had a big problem. A Mecklenburg County, N.C. Environmental Protection Department, using Perrier as a cheap source of purified water in tests it was conducting, discovered and announced to the world that benzene was present in some samples of the world's first soft drink—although those levels were well below dangerous levels.

Benzene has been identified as potentially carcinogenic. But any public relations benefits Source Perrier S.A. may have enjoyed from its decisive recall action quickly dried up as a series of mishaps befell the reintroduction.

- Ominous rumors began to surface that the Perrier spring might be poisoned. Before the rumor, Perrier seemed confident that their explanation that the contamination was simply a maintenance mishap would be taken on face value. Unfortunately, today's public is not quite that trusting. So within hours of its calm recall announcement, Perrier scrambled to launch a full-scale public relations and advertising campaign to quell the rumors.
- Unfortunately, at the same time Perrier was telling consumers everything was all right, they had to admit that resupplying the U.S. was going to take awhile. In fact, Perrier's flavored waters were only reintroduced this month.
- Then, disclosures made in the course of what had become a media circus drew the U.S. Food and Drug Administration

Continued on page 192

Illustration: Paulette Bogan

Supermarkets continue to be the number one choice of consumers shopping for their brands of cigarettes. The number of brands increased again last year, as consumers showed signs of becoming more price-sensitive.

TOBACCO

■ Prices. Price-value. More single unit sales.

These are the predominant forces driving the cigarette business and supermarket cigarette sales.

Overall, supermarkets are the number one choice of consumers shopping for their brands. According to American Tobacco, approximately 40 percent of the total volume of all cigarettes sold in 1989 went through supermarkets and other grocery outlets. They rank sixth in store sales, representing 3.3 percent of total store volume.

"Relative to the small amount of space that cigarettes occupy in the store, these are truly significant figures," offered Clark Sturdivant, American's trade relations manager.

Indeed, the supermarket industry rang up $7.8 billion in retail cigarette sales last year, according to research by Brown & Williamson.

As the domestic cigarette industry continues to experience unit declines averaging 2.5 percent a year, semiannual price increases have significantly increased its dollar volume.

More price-sensitivity

Those price increases have, in some instances, been combined with dramatic increases in state taxes and the threat of still higher federal taxes. What it amounts to is more growth in the so-called price-value segment and a still-greater emphasis on the per-pack sales role of sharply priced supermarkets as a prime retail outlet.

Social pressures and legislative actions notwithstanding, there are still about 60 million smokers in the United States. Increasingly, they are becoming more price sensitive.

In New Jersey, for example, the industry price increase recently combined with an increase in state cigarette taxes and the imposition of a 7 percent sales tax. Prices went up overnight—rising, in at least one instance, from $1.80 per pack to $2.15, nearly a 20 percent increase. For their part, most supermarkets took only a small portion of the increase.

California also took a substantial tax increase on cigarettes, causing many consumers to "load in" prior to the price increase, according to analyst John Maxwell, of Wheat First Securities, Richmond, Virginia.

Smokers' increasing price sensitivity is being borne out by the numbers. Maxwell reports that the price-value segment, overall, has increased to 16.2 percent of the market, up from 12.9, for the 12 months ending in June 1990. That's a 6.7 percent increase in share over the last four years.

Every major manufacturer

TOBACCO

has increased its representation in the category, according to Maxwell. For the quarter, R.J. Reynolds Tobacco's Doral increased 14.6 percent and Philip Morris' combined entries increased 28 percent.

But the current star of the segment comes from The Liggett Group, which in recent years has been seeking to recapture its generic sales lost to other price-value competitors. Pyramid is quickly assuming the leadership position to accomplish that task.

"Pyramid is the most successfully introduced new brand in recent years," Maxwell said. He measured it at a 1.6 percent overall share of the market, up from 0.6 percent just last year. A single market share point is worth more than $250 million, at wholesale.

Morebrands and styles

Wrestling for market share has been the major preoccupation in the industry for years, increasingly so as further unit declines have stalled growth. That's led to a continuing proliferation of brands and styles—about 420 now, according to Brown & Williamson.

The company reported an industrywide brand expansion of 250 percent since 1980, when there were only 162 brands and styles on the market. In the past five years alone, more than 120 styles have entered the marketplace.

Increasing pack sales in supermarkets is now also being seen as a viable tack to win higher unit sales. At the same time, the companies have been pushing stronger inventory levels in both cartons and packs, citing statistics that seem staggering.

Pack sales crucial

According to research conducted by Philip Morris USA, the typical supermarket selling 500 cartons per week has approximately four times as many pack sales transactions at the register than carton sales. Among mass retailers of all types, cigarette pack sales account for an average of 28 percent of all front-end sales and 24 percent of the front-end profit.

Moreover, the company found, increased pack sales—the customer who "just runs in for a pack of cigarettes"—lead to more impulse-driven ancillary sales.

But although packs account for 29 percent of cigarette sales, their available inventory in supermarkets is less than half, at 14 percent. Just as significant, Philip Morris learned that 45 percent of smokers will walk out of a store if it doesn't have his brand—or packing—in stock. Those, the firm concludes, represent-lost sales of both cigarettes and other items.

'About 40 percent of all cigarettes sold in 1989 went through supermarkets.—ranking sixth in store sales, and representing 3.3 percent of total store volume.'

Armed with similar information, many of the companies have been developing new front-end pack merchandisers and larger carton merchandisers designed to accommodate the increasing number of brands and packs.

In the overall market, Philip Morris has remained the dominant player increasing its share to nearly 43 percent, according to Maxwell. An important part of its gains have come on the strength of Marlboro, which now holds more than 26 percent share of the market. It contributes about six percent of the typical supermarket's front end profit, according to the company.

One out of every four packs of cigarettes sold in the United States is Marlboro. In still more basic terms, Marlboro is the largest selling packaged consumer product in the world, said Ehud Houminer, president and CEO of Philip Morris USA.

Philip Morris has identified supermarkets as prime outlets in its continuing sales growth, targeting them for placement of an increased number of pack and carton fixtures.

"In the mid 1980s, we realized we were lagging behind the competition when it came to carton shelf space in supermarkets and other high-volume outlets," said Vince Buccellato, vice president, sales. "As a result we had high out-of-stocks and inadequate visibility. To alleviate the problem we became a credible supplier of mainline carton fixtures."

The company is also moving forward with a number of brand innovations. Marlboro Ultra Lights is currently being test marketed and its Benson & Hedges and Merit brands are also receiving increased advertising support. It's also seeking to enlarge its Virginia Slims franchise with the recent introduction of Superslims, an ultra-thin ultra low tar cigarette that emits 70 percent less smoke from the lit end than other 100mm cigarettes.

The firm currently ranks second in the price-value category but is increasing its promotional programs and couponing behind such brands as Alpine and Cambridge with the hope of fueling its growth rate still more.

At the extreme opposite end of the spectrum, Philip Morris has introduced a premium-priced luxury brand with the Cartier trademark. Cartier Vendome was launched in the Los Angeles market and is currently rolling out to other markets around the country. It is clearly not intended as a supermarket offering.

The company is also currently testing a de-nicotined product, an all-tobacco cigarette intended to greatly reduce nicotine content, while preserving taste.

For its part, R.J. Reynolds believes it has the long-term hope of reversing its market share slide and has actually targeted some Philip Morris brands, with several of its own, currently in test, according to Maura Payne, spokeswoman.

Maxwell reported that RJR had a 28.5 percent market share in the 12 months ending in June, down from 31.2 percent a year earlier. But he footnoted that finding, noting that the drop was due to Reynolds' efforts at balancing inventories—a one-time event.

Dakota, Maura said, is intended as a blatant competitor to Marlboro, with an updated western image. It's currently being tested in Nashville and Houston.

Chelsea is an effort to bring a cigarette to market with a better aroma and is directed at those concerned about nonsmokers' objections. It's currently in test in Nevada, Eastern Pennsylvania and parts of Florida. Horizon essentially attempts the same thing and is in test in Atlanta.

RJR's successful Salem brand has undergone two line extensions in the past year. It's become regionally available in a boxed style in the northeast, and Salem Gold has a lighter menthol taste; it's available in the northern part of the country.

New campaigns

The company's lead brand, Winston, has recently undergone some packaging changes, featuring an eagle embossed in heavy metallic gold on the traditional red background. Salem has also enjoyed an updated and expanded ad campaign, Maura said. Camel has undergone almost a complete about-face, thanks mostly to the campaign of Old Joe as the "Smooth Character." It, too, represents a direct

U.S. Market Share
12 Month Moving Averages

	Jun90	Jun89	Jun88	Jun87	Change
Philip Morris	42.7%	40.1%	38.7%	37.4%	5.3%
RJ Reynolds	28.5*	31.2	31.8	32.7	−4.2
Brown & Wmsn	11.2	10.7	11.2	11.2	n/c
Lorillard	7.4*	8.2	8.1	8.0	−0.6
American	6.8	6.9	7.0	7.0	−0.2
Liggett	3.4	2.9	3.2	3.7	−0.3
Price Value Sgmt	16.2	12.9	10.6	9.5	6.7

Source: John Maxwell, Wheat First Securities, The Maxwell Report, 1988, 1989, 1990.

* Market share rankings for RJ Reynolds and Lorillard have been negatively impacted and, therefore, are not completely representative because of inventory balancing during the 12 mos ended, June, 90.

TOBACCO

competitor to Marlboro, according to Maura.

Like its chief competitor, Philip Morris, R.J. Reynolds is emphasizing pack sales in supermarkets, according to George Baroody, vice president of merchandising. This year, the company introduced a new express-lane display rack, featuring permanent pack promotional space, both for its own brands and for the retailers' promotional choices.

"It directly addresses the current trend in the business [for more pack sales]," Baroody said. "Secondly, it's consistent with the supermarkets' emphasis on express checkout lanes, gearing more toward convenience shopping in the supermarkets. It allows the retailer to participate and builds and proactive commitment" to the category. They also have a higher gross margin.

Over the last several years, American Tobacco has been finely honing its strategy geared both at expanding its current franchises, such as Carlton, Pall Mall, Lucky Strike and Tareyton, and new introductions. Now, the company has what it terms its "three winners in a row" in the price-value segment.

Malibu pioneered the $3.00 off on-carton coupon concept, according to Sturdivant. American, its entry into the branded generic category, also features a factory-affixed $2.00 instant coupon.

Montclair, its newest entry, is positioned as a sub-generic, combining a high-quality product, attractive packaging and a very low price. And, Misty is currently being tested in the southeast and on the West Coast with encouraging results, he said.

More than one share point in total supermarket cigarette sales is represented by American's price-value entries, according to Sturdivant, a contribution expected to grow more with continued emphasis on the category. What's more, the new sub-generic category is expected to show continued impressive growth.

"American Tobacco will continue to focus on improved in-store merchandising and effective consumer promotional activity," Sturdivant said, later adding, "We expect the supermarket trade class to improve its [market] share in 1990 and beyond."

Brown & Williamson has also won back some of its market after a brief dip last year. Over the last four years, the company has fought off some competitors' gains, holding its share at 11.2 percent, except for last year's drop to 10.7 percent, Maxwell reported.

The company's strategy has centered on continued support of its full price brands, at the same time developing price-value derivatives of those franchises.

Kool, B&W's lead brand, continues as the fourth-largest-selling cigarette in the U.S. The company is currently testing Kool Deluxe in Hawaii and Houston, available in both lights and ultra lights in kings and 100s, according to spokeswoman Robbie Ashe. The brand is also sporting a new package design and availability of some styles in a boxed package.

Capri, the first super-slim cigarette B&W introduced in 1987, achieved a 0.6 percent share of market last year. Although initially positioned as a women's cigarette, the brand has enjoyed a higher than expected popularity among men. The company is currently testing a 120s version in southeast Florida and Louisiana.

"There's been a dramatic growth and demand for value-priced cigarettes," Ashe offered. "And, we've become a strong competitor in the value-priced arena with a portfolio of high quality, lower priced products."

Brown & Williamson claims a 22.6 percent share of the price-value segment and is seeking to further expand that, Ashe said.

Recently, Viceroy has been repositioned nationally as a value priced offering. Belair and Raleigh now have low-priced derivatives on the market, supplementing the full-priced brands. The discount brands feature different packings to avoid confusion between the full-priced and value offerings, she said.

In the extra-low-priced, or sub-generic, category, GPC Approved has undergone packaging improvements with a new lower price.

At Lorillard, Heritage is currently being rolled out nationally as an entry in the price-value segment, according to spokeswoman Sarah Ridgeway. The rollout came after only a few months of testing this spring, indicating that early results were very favorable, she said.

In the meantime, the company has continued to emphasize its multiple line extensions for Kent and Newport, most of which are made available on a regional basis. That may be driven further with the advent of new advertising campaigns slated for this fall.

Like RJR, Lorillard also showed a dip in market share this year due mainly to its inventory balancing effort. Maxwell pegged the company's share at 7.4 percent, down from 8.2 percent, but once again warned to take the inventory situation into account.

After years of fighting back, The Liggett Group, which originated the generic category, may have found a winner to help take back its lost market share. According to Maxwell, Pyramid doubled its market penetration last year, moving to 1.2 percent, up from 0.6 percent a year earlier. That appears to have helped stem Liggett's market share losses.

The company bounced back with a 3.4 percent share overall, up from last year's 2.9 percent, according to Maxwell.

"Considering that Pyramid is not even 100 percent in distribution, it makes it even more impressive," said Jim Turner, president and CEO. "We're still trying to win better distribution at retail."

In the meantime, the company's Eve brand continues as its national brand leader. But Liggett believes it will find market success as a dominant niche player, both in regional brands and those directed at particular market segments.

"We are the small kids on the block. We can best compete in niches and regions," said Turner. "Supermarkets are probably more important to us than to our competitors. They offer the kind of opportunity for displays and promotions that we do more of than national advertising."

—BRENT H. FELGNER

SOFT DRINKS

Continued from page 187

into the act. The agency learned that the carbon dioxide gas used to carbonate Perrier, although drawn from the same spring as the water, was separated at the source and reintroduced during processing. As a result, the FDA ruled that Perrier no longer could carry the words "Naturally Sparkling" on its label and, thus, could no longer tout what had been a key claim to fame.

- And, as if that weren't enough, New York state discovered levels of salt in some samples that slightly exceeded the level required for Perrier to call the product sodium-free. Although subsequent tests revealed that the overwhelming majority of Perrier samples were below the threshold level—five milligrams per eight ounces—the company had to answer inquiries from state officials before they secured the right to call the product sodium free again.

Water processors boosted marketing and distribution in Perrier's absence. At G. Heileman Brewing Co., Inc., (La Crosse, Wisc.), orders for La Croix sparkling water gushed 300 percent during Perrier's absence from the market. "We've gained share from Perrier, and we're keeping it," says Bill Eiler, director of public affairs.

As a result, Perrier faced an ambivalent reaction to its reintroduction from many of the upscale restaurants that had helped the product build its status. But Perrier's comeback has been stronger in supermarkets, according to Jane Lezgin, a spokeswoman for The Perrier Group of America (Greenwich, Conn.), the company's U.S. division.

Perrier's flagship sparkling water is back in about 85 percent of the supermarkets that carried the product before its recall, says Lezgin. The reintroduction seems to be on schedule, she contends.

"We said that, in the reintroduction, we would give the product 18 months to regain 80 percent of its market share,"

Continued on page 205

SUPERMARKET BUSINESS

NONFOODS BUSINESS
INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

MULTIPACK BATTERIES POWER SALES GROWTH

BY MIKE DUFF

■ Supermarkets soon may face dying battery sales because they aren't taking advantage of high-voltage packaging and merchandising strategies that are boosting business for mass merchants.

Most importantly, supermarkets aren't taking full advantage of the growth in multipack battery products, manufacturers contend. Lacking multipack sales, supermarkets incur a double liability, they say. First, of course, multipacks offer discounters or drugstores an opportunity to take what could be a supermarket sale—and, often, to take several other sales as shoppers stock up on what general merchandise deals they find.

Second, supermarkets begin to lose the impulse sales that are the main contributors to the success of the battery category. Battery sales growth recently has been driven by products for home storage, and most of those products have been sold in multipacks.

According to A.C. Nielsen data, mass merchandisers, at $83,400 per store, are producing six times the annual retail per store sales of food stores or drugstores, which average $14,500 and $13,000, respectively. But according to the data, food stores enjoy a 30 percent market share, compared with 36 percent for mass merchants.

The bigger dollar volumes being realized in the discount market can be attributed to multipacks and the higher sales per SKU they represent, according to Rayovac Corp. (Madison, Wisc.).

Supermarkets are losing out to mass merchants who put more emphasis on multiple displays and multipack battery units.

About half of all discount store battery sales consist of packages containing six batteries or more, says Michael C. Plautz, director of marketing, U.S. consumer products, at Rayovac. On the other hand, multipacks only represent about 12 percent of supermarket sales.

"Eighty-five percent of last year's growth was in multipack sales," says Plautz. "Consumers are buying more batteries at a time and storing more. We think that means an opportunity both for us and for food stores."

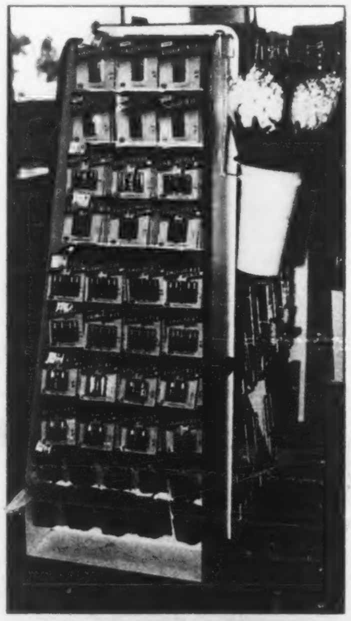
Says Gary Baker, director of trade relations at Eveready Battery Co. (St. Louis, Mo.), if supermarkets want a share of the growth in batteries, they must become aware of how competitive the environment is—not just the retail environment, but the environment of the shopping center.

"There's no reason why supermarkets can't get the big battery users," he notes. "We see a lack of multipack sales in supermarkets. At times, supermarkets seem to be a little bit satisfied. But in today's shopping centers, a customer can walk to the next store and get the product, and that's what the supermarkets have to recognize."

High product profile

Not only do supermarkets have to offer more multipacks to compete with discounters and drug outlets, they have to merchandise batteries of all kinds more prominently, say battery manufacturers. And they have to cross-promote and seasonally promote as well.

Batteries are among those items that are most vulnerable to merchandising neglect



By offering more prominent battery displays, Vons and other California supermarkets are enjoying better battery sales than their colleagues elsewhere in the U.S.

Southern California supermarkets have implemented many of the packaging and merchandising strategies that manufacturers recommend . . . and are reaping the rewards.

because they need regular replacement, but are often overlooked until a buying opportunity presents itself.

"You have to put them where they're going to be seen," says Jim Donahue, director of public relations at Duracell, Inc. "For example, you're missing the bandwagon if you don't have them at checkout."

But, of course, many products—as well as the people responsible for their sales—compete for prime checkout space. "But batteries are extremely profitable," says Baker. "They deserve the space up there. Razor blades, for example, aren't as profitable as batteries. Supermarkets are getting to the point of listening to consumers. Many consumers don't want candy and cigarettes at the counter."

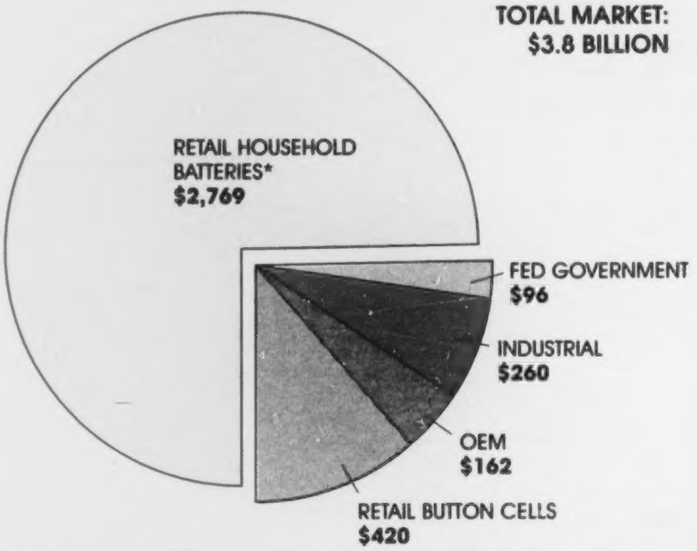
But opportunities for battery sales aren't limited to a few hooks at the checkout. Indeed, discounters have built business by integrating battery sales into the promotion and sales of other product categories, such as consumer electronics and lighting.

Mass merchants are building sales with multiple battery displays in both high-traffic and cross-merchandising locations. "Mass merchants may have as many as six locations, as opposed to a single location or perhaps two in supermarket GM aisles and a couple of hooks at checkout," says Plautz.

Battery manufacturers point out that getting their products noticed includes more than positioning them in high-traffic locations, important as that is.

THE 1989 U.S. BATTERY MARKET

(MILLIONS OF RETAIL DOLLARS)



*Six popular household sizes (D, C, AA, AAA, 9 volt, and lantern batteries) make up 98% of all retail battery sales.

In this case, sales follow function, so to speak. Batteries should be merchandised where products that require battery power are sold.

Cross-merchandising not only sells more batteries. If it's done well, the manufacturers contend, it offers supermarkets the opportunity to create a broad array of promotions and to boost sales in other product lines, such as lighting. Rayovac points out that supermarkets are not just losing out on growth in the lighting category, they now are actually losing significant market share.

Manufacturers have programs that they say can help batteries spark such opportunities. At Eveready, "During promotional periods, we support a thematic sweepstakes, and that's an ideal way for supermarkets to maximize battery sales," says Baker.

But, he adds, to be successful, such promotions need supermarket assistance. "The problem is the amount of space in the permanent battery locations. If a small in-line location doesn't hold enough product, the store needs to put in other displays. And we have to see more multipacks and cross-merchandising."

Manufacturers offer support

As Baker points out, a few hooks at checkout and a single four- or eight-foot section in the GM section are inadequate for aggressive promotional programs, especially to maximize sales of multipacks. Thus, manufacturers are providing more prepack displays including standard battery packages, multipacks and items such as flashlights that are impulse-compatible to battery sales.

"You need that at key times of the year," he says. "For example, at Halloween, we have a haunted house display accompanying a sweepstakes. The haunted house anchors battery and flashlight cross-merchandising at Halloween for trick-or-

Continued on page 200

Battery makers keep pace with Green movement.

Although they're disposable, made of chemicals, and non-biodegradable, batteries haven't been subject to a high-profile assault from environmentalists in this country. Yet.

But if they are, supermarkets can point out to concerned customers that technological innovations have significantly mitigated— and, in some cases, may soon eliminate—potential environmental problems.

Batteries have been more scrupulously examined and regulated in Europe than they have been thus far in the United States. Some environmental activists, however, have called for consumers to turn to products that don't require batteries, such as spring-driven watches.

Environmentalists' primary objection to batteries is to the mercury contained in disposable batteries and the cadmium in rechargeables—for eventually, even rechargeables wear out their useful lives. And they have found allies, both among consumers and government officials.

Recently, Minnesota implemented what is recognized as the most stringent state regulations regarding the mercury content of batteries. The idea was to set a standard that was on the edge of what was attainable—in this case, a mercury content of .025 percent. To the surprise of some, the major battery companies replied that compliance would be no problem. They could produce batteries that would meet those standards, not only in Minnesota, but nationwide.

Having long been anticipating an environmentalist assault, the major battery companies have been working to make their products more "environmentally friendly."

They have been gradually lowering the mercury content of their batteries, with a goal of eliminating the chemical altogether. And while batteries can't be readily recycled, manufacturers have increased the lifespan of their products, a practice conforming to the source-reduction initiative that government officials have called the best way to alleviate the municipal solid waste crisis.

In addition, manufacturers have been offering alternatives to the card packs that have dominated standard-size packaging. Shrink-wrapped batteries offer environmentally concerned shoppers an alternative that creates less waste.

—M.D.

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 4/20/90	4 WEEKS ENDING 5/18/90	4 WEEKS ENDING 6/15/90
BABY NEEDS	**− 8.7%**	**− 5.3%**	**− 5.8%**
Baby Powders	−21.8	− 6.8	− 8.9
Baby Oils, Creams & Lotions	−10.5	−10.0	−13.6
Infant Clothes	− 2.2	− 5.5	− 0.5
Nursing Supplies	− 1.6	+ 0.6	+ 4.0
MISC. PERSONAL NEEDS	**+ 6.1%**	**+15.9%**	**+15.1%**
Contraceptives	+ 6.3	+14.7	+14.0
Personal Lubricants	+13.1	+22.0	+18.5
Home Testing Kits	+ 9.2	+21.5	+19.4
Thermometers	− 4.4	+ 8.2	+12.2
DEODORANTS	**− 0.9%**	**+ 5.0%**	**− 1.7%**
Sprays	−13.6	−11.1	−12.6
Roll-Ons	− 3.4	+ 3.8	− 1.2
Stick Deodorants & Pads	+ 8.9	+12.6	+ 4.0
Creams	− 7.4	− 4.6	− 8.9
Deodorants & Talcum Powders	−10.9	−16.6	−18.2
Feminine Hygiene Deodorants	− 5.1	+10.9	+18.6
Foot Deodorants & Athlete's Foot Remedies	− 0.6	+ 5.5	− 7.6
Feminine Douches	− 6.4	+12.8	− 0.2
FIRST AID	**− 0.6%**	**− 4.4%**	**− 4.1%**
Antiseptics	+ 6.1	− 0.6	− 3.7
First Aid Products	− 3.4	− 6.4	− 4.8
Elastic Goods & Dressings	+88.4	+83.0	+65.7
HAIR CARE NEEDS	**− 4.8%**	**+ 0.6%**	**+ 0.8%**
Shampoos	− 7.2	− 1.1	+ 1.7
Hair Sprays	− 4.6	− 1.0	− 2.5
Hair Conditioning Rinses	− 2.5	+ 5.4	+ 3.0
Hair Setting Needs	+ 3.3	+10.7	+ 5.5
Home Permanent Kits	− 9.9	− 3.8	−15.8
Hair Coloring	+ 1.9	+ 0.5	+ 2.0
Hair Dressing Needs	−11.9	−10.5	− 5.4
ORAL HYGIENE	**− 1.8%**	**+ 1.4%**	**+ 1.7%**
Toothpastes & Powders	− 1.5	+ 1.3	+ 3.1
Mouthwashes	− 8.6	− 5.5	− 2.1
Breath Fresheners	+ 3.5	+ 5.1	+ 9.5
Denture Cleaners	+ 2.6	− 0.3	− 1.1
Denture Adhesives	− 1.1	+ 1.5	+ 1.0
Toothbrushes	+ 4.5	+11.5	+ 5.7
Dental Aids	+ 5.0	+ 9.8	− 9.8
PROPRIETARY REMEDIES	**− 0.7%**	**+ 0.4%**	**+ 3.2%**
Antacids	+ 0.6	+ 1.9	+ 2.9
Internal Analgesics	− 7.6	− 2.4	− 1.3
External Analgesics	+25.8	+18.8	+15.8
Cold Remedies	+ 3.5	+ 2.5	+ 8.6
Nasal Sprays/Drops/Inhalers	+ 1.0	+ 0.4	+ 3.5
Chest Rubs	+ 1.4	− 0.6	+ 9.9
Cough Remedies	+ 5.8	− 0.5	+13.1
Laxatives	− 0.8	+ 0.6	+ 0.1
Sleeping Aids	+ 5.9	+ 2.8	+ 5.0
Tranquilizers	−16.2	−14.4	−16.2
Eye Care Products	− 3.8	+ 1.4	+ 0.1
Appetite Suppressants	−19.3	−25.6	−20.3
Synthetic Vitamins	+ 1.2	+ 9.4	+ 7.1
Natural Vitamins	+ 3.8	+ 4.4	+ 4.9
Misc. Proprietary Remedies	+ 5.0	− 0.4	+ 3.9
SHAVING NEEDS	**− 4.5%**	**+ 4.7%**	**− 3.1%**
Shaving Creams	− 5.4	− 2.2	+ 2.1
Pre-Shave Lotions	− 9.0	− 9.9	− 19.1
After-Shave Lotions	+ 0.2	+ 5.6	+ 1.5
Razor Blades	− 4.4	+ 8.1	− 5.4
SKIN CARE AIDS	**− 6.3%**	**− 2.8%**	**− 1.2%**
Hand & Body Creams & Lotions	−11.1	− 3.7	+ 0.9
Facial Preparations	−11.1	− 9.2	−14.0
Lip Care Products	− 2.1	− 7.5	+ 3.1
Suntan Lotions & Oils	+ 1.4	+ 6.9	+ 2.5
Cosmetic & Medicated Skin Aids	− 2.8	+ 2.5	+ 1.2
TOTAL ALL CATEGORIES	**− 2.6%**	**+ 0.8%**	**+ 0.5%**

HBA UNIT SALES INCREASE AGAIN IN MAY-JUNE PERIOD

Gain compared with year-ago period is led by 2.3-million-unit proprietary remedy increase.

BY ALAN B. MILLER JR.

During the period ending June 15, 1990, unit sales of health and beauty aids in food stores registered an increase over the corresponding year-ago period for the second consecutive four-week reporting period. Unit loss rates ranged from a high of 1.1% for shelf-stable foods to a rate of −0.3% for frozen foods.

In dollars, however, the 5.2% gain rate for HBA was topped by a 10.1% jump among refrigerated foods and a 5.4% gain rate for frozen foods. The four-week dollar gain for toiletries and proprietary items amounted to more than $34 million, and the 5.2% gain rate was higher than the 12-week increase of 3.8% or the 3.9% annual gain.

Drugstore sales decline

Once again, the HBA performance was more impressive in food stores than in drugstores, where a unit loss rate of 4.8% was found. The current four-week loss is nearly three times the 1.7% national 52-week decline in drugstores.

As of the period ending in mid-June, product groups with losses outnumbered those with gains in a 5-to-4 ratio, but the 3.2% gain in the product group with the highest volume—proprietary remedies—was sufficient to offset losses in the five product groups.

The highest category gain, in elastic goods and dressings, was artificially induced, as items being tracked for the first time this year account for much of the 65.7% gain. But the 19.4% unit volume gain rate for home testing kits, followed closely by the 18.5% increase in personal lubricants, deserve recognition.

The highest four-week unit loss rates were recorded by appetite suppressants, where competition from Slim Fast continues to plague the low-volume HBA category, and pre-shave lotions, a low volume category in which Mennon's new Afta has not been successful in expanding category volume.

The only category of baby needs with continuing positive performance is nursing supplies. Here, a 4.0% gain resulted, to large degree, from the national rollout of the Playtex Cherubs line. The highest loss rate in this product group was the 13.6% decline for baby oils, creams and lotions. An absence of important new product activity in these categories helps account for sales weaknesses.

Shampoos, hair care up

More categories of hair care needs registered gains than losses, and there was an increase of 0.8% in four-week unit volume for the product group. A gain of 1.7% in the high-volume shampoo category was enough to erase a loss of 2.5% in the second-highest-volume category of hair spray.

There are continuing loss situations among home permanent kits and hair dressing needs; but among hair coloring, a 1.2% loss rate for 52 weeks has been converted to gains of 2.0% and 11.6% for the four-week and 12-week periods, respectively.

The four-week gain of 1.7% in the oral hygiene product group compares favorably with both the 52-week loss of 1.1% and the 12-week trend of +0.1%.

The most important positive development in the HBA sales picture during the 28-day period ending June 15, 1990 was the fact that 12 out of 15 categories in the proprietary remedies product groups bore plus signs, ranging from double-digit increases of 15.8% for external analgesics (primarily liniments) and 13.1% for cough remedies.

Category gains and losses in the shaving needs product groups were even at two each, but because of a loss of 5.4% among razor blades (which now has been combined with razors and blades into a single category) the product group suffered a loss of 3.1%. ■

Continued from page 196

treaters. But you can't merchandise that in the hardware section if you want to jump on the bandwagon."

Other seasonal promotions, and some nonseasonal, offer more opportunities. For example, Baker suggests a promotion tied to daylight savings time, encouraging consumers to change clock batteries in cordless clocks when they "spring forward" and "fall back." Sales of household fire alarms can be tied to slow seasonal periods with annual "change-your-battery" promotions.

In one of its promotional displays, Rayovac makes a fashion appeal with inexpensive, brightly colored flashlights designed to appeal to teenagers.

But will multipacks and better merchandising improve supermarket market share in batteries? Available evidence says: Yes, they will.

Southern California supermarkets already have implemented many of the packaging and merchandising strategies that manufacturers recommend, and, according to Rayovac figures, they are reaping the rewards.

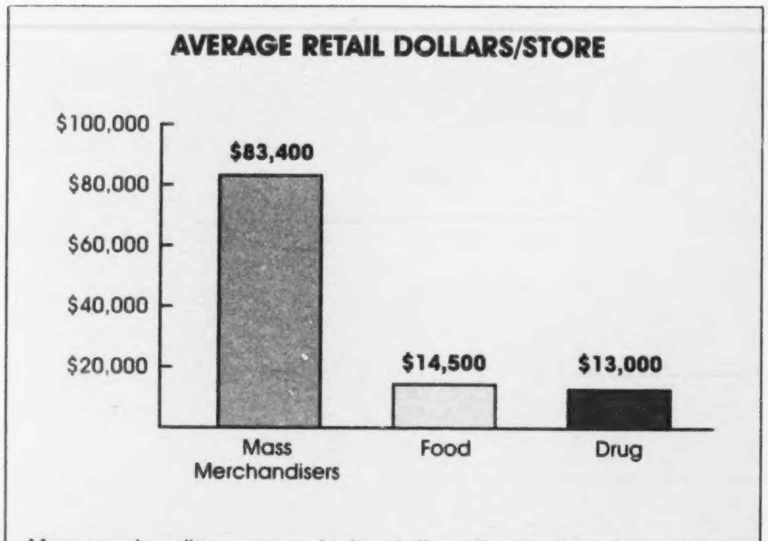
Supermarkets in southern California, with 3.2 average locations per store, have almost double the national average of 1.8 battery displays per store. Furthermore, multipacks represent 18 percent of sales in the areas, compared with 12 percent for the U.S. overall.

The results of such efforts, says Rayovac, are average supermarket sales of $34,000, versus $14,500 nationwide. While the Los Angeles/San Diego combined market represents 6 percent of food sales nationally, the same area is responsible for 12 percent of the battery business in food stores. And while battery sales in supermarkets increased annually by 3.9 percent across the country, the southern California market grew by 8.8 percent per year.

"California supermarkets are simply doing a better job in batteries, and that's what's the difference is between that market and the rest of the country," says Plautz.

But California supermarkets aren't the only ones who are developing their battery operations to build better sales. Jim Level, president of Level Food Centers (Fort Worth, Tex.), says the environment for batteries has indeed grown more competitive and that multipacks are one way that supermarkets should be responding. Of course, there are others.

"We do battery promotions off rack three times a year," says Level. "We use special promotions, special displays around high-battery-use periods like Christmas and Easter. They never fail to work. You have to get batteries in the front end. But at high-volume times, that won't be enough, and you need more displays." SB



Mass merchandisers are producing six times the per store dollar volume of food stores or drugstores. Source: A.C. Nielsen

'There's no reason why supermarkets can't get the big battery users. But in today's shopping centers, a customer can walk to the next store and get the product, and that's what the supermarkets have to recognize.'

Stock Up On Dirt Devils. And Wish Your Customers A Very Messy Christmas.

If you want to see lots of green this Christmas, your customers need to see red. Lots of red. As in Royal's Dirt Devil® vacuums. They're lightweight, powerful, and compact; and they come in awfully handy when all that Christmas glitter turns to litter. And if some Christmas angels snap up all your Devils, don't worry. We'll send you more U.P.S. So make sure your customers have Dirt Devils to put under their trees, and we won't needle you about it again.

Dirt Devil® by Royal

©1990 Royal Appliance Mfg. Co. All rights reserved.

GREETING CARDS

Continued from page 159

individual supermarkets.

"We started using computers to determine what kind of neighborhood a store is in," says Bauer. "Is it a family neighborhood? Is it a rich neighborhood? We started determining by ZIP code and now we go down the the street corner. For example, if we find out a store is in a traditional neighborhood—mother, father and two kids—instead of having a lot of general cards, we'll have 'Happy Anniversary,' 'Happy Birthday.' We'll have a lot more captioned cards, such as 'To My Husband on Our Anniversary.' "

Gibson Greetings, Inc. (Cincinnati, Oh.) keys on flexibility of product and merchandising to drive sales in supermarkets. The company's wide array of licensed properties—which range from the Flintstone Kids to the Golden Girls, and also include Disney and Muppet characters Ernest P. Worrell ("Hey, Vern"), Roger Rabbit, Major League Baseball, Coca-Cola and Martin Luther King, Jr.—appeals to a number of different demographic groups.

Gibson prides itself on its advanced fixture design, such as its Concept 2000, which offers snap-in shelving tiers better adapted to daily store operations. "It allows for flexible presentation, because it removes the need to rip out the whole department to change products," says Peter Shapleigh, vice president for business development.

The sales of greeting cards outside the card section is controversial among manufacturers. Ambassador avoids doing it, while American Greetings is more amenable to the practice.

But "outposting" or "boutiquing" cards is a central part of the merchandising strategy developed by Gibson.

"We are developing more volume out of the greeting card section," says Peter Shapleigh, vice president of business development. "We have great kiosks for use in other sections, such as bakery or floral. We've also developed plastic card tiers that fit different aisle endcaps. Most of these fixtures relate to time of year for seasonal promotions."

Jime Level, president of Level Food Centers (Fort Worth, Texas) says his greeting card sales are up about 21 percent this year. But just as important to him are related sales that cards help build.

"We've tested a greeting card program with American Greeting that's done well so far," he says. "In the past, the problem with selling frames was the space they took up. But American Greetings came up with a merchandising system and fixtures that sell frames in less space, so we don't loose a lot of space with the program."

But Jerry Bitner, director of general merchandise at Haggen, Inc. (Bellingham, Wash.), says he hasn't seen evidence that greeting cards are yet a strong enough sales engine to drive sales elsewhere in the GM section.

Although, he acknowledges the improvement in card merchandising, Bitner says, "That helps customers notice cards, but I don't think it helps the overall store at all."

Bitner contends that more needs to be done to link greeting cards to the rest of the store. "We put cards out in the floral section around Mother's Day, for example, and we need to see more of things like that. This year we've done good business with baby cards in floral. That can be done all over the place."

On the other hand, Ambassador continues to focus on the development and profitability of greeting cards in a centralized section.

Without a strategic focus, the strength of greeting card sections will be diluted by poorly serviced peripheral sections that reinforce the image of poor selection and second rate presentation of product, Ambassador fears.

But ultimately, retailers are likely to borrow from both the core-business and outposting approaches, as competition with other classes of trade becomes tougher and as greeting card sections evolve in supermarkets.—MIKE DUFF

TECHNOLOGY

Continued from page 19

with the ability to explain changes in performance. Since all store-level data is stored in a single corporate database, field supervision can trace problems to the individuals who worked the hours when the problems occurred—e.g., "We always seem to have cash shortages in 'Store 8' when 'Mary Jones' is the responsible manager and/or when 'Bob Smith' is working the register."

Daily, the performance of each store is compared with the other stores operating in the same district (Exhibit C). This information is available to the store manager, e.g. if his sales were impacted by the "snow," he can see whether his results were comparable to the other stores in the area. This comparison process continues up the organization from district to area, and from there to a total corporate reporting system.

On a weekly cycle, the headquarters systems reports performance on a variety of operational issues ranging from Cash Over and Short to Product Inventories. Almost every report follows the pattern of comparing each store to its plan, and/or the norms achieved in their trading area.

The Fields system also has a mechanism to measure the performance of the district manager. Every time the DM visits a store, he or she must complete a "Management Report Card" evaluating all aspects of the store's performance. Consistent with the Fields goal to eliminate paperwork, this report is entered into the store's PC, by answering questions prompted by the system. This intensive review process takes an average of 15 minutes to complete.

When the area manager is reviewing the performance of each store in the districts that report to him, he is able to compare the store's performance and the expert system's analysis of recommended action with recent evaluations of the district manager. Any problems highlighted by the expert systems should be consistent with the on-site observations.

Every Fields store has the ROI System installed, but not every manager takes full advantage of the system's facilities. At any given point in time, according to Randy Fields, 80 percent of the over 700 store managers are using the system effectively. That's a rather high level of execution. Fields says they've also found that there is a very, very high correlation between those stores with problems and those managers who are not using the system effectively.

He expects that as they continue to enhance their expert system approach, managers will be able to improve the decisions they make in setting their weekly goals, and in the decisions made to adjust them in response to unanticipated changes that always occur in any retail environment.

What people do best

The bottom line is that the Fields approach started with a different focus. They wanted to work on those things that a computer could do best, such as analyzing numbers, in order to free time for the things that a human does best, such as selling. With this perspective of retail systems, no one will ever say, "My job was taken over by a computer." Instead, one might say, "The computer permitted me to do my job."

How does your retail automation strategy compare with the ROI strategy? It may be time to set some new priorities that focus on improving the use of management time and management decision making. If you agree, then there are several new facilities that must be put in place.

First, a single corporate database must be built to hold *all* key operating data about your retail operations. This database must be supported by a communications network that retrieves data and makes it available daily.

Second, you must develop a store-level sales planning facility. Underlying most of the ROI labor and production systems is a shared daily and hourly sales forecast. This forecast process will use historical sales history, a calendar reflecting predictable seasonal events, factors reflecting promotional sales influences, and adjustments required to reflect specific store conditions.

In future columns I'll cover some of the design and application issues that must be addressed in the development of this strategic store database and sales forecasting facility.

I think that during the next few years, we'll see the Fields strategy reflected in the retail application priorities of many of our leading retail organizations. What's your reaction? ■

PERIODICALS

Continued from page 166

as *Time, Sports Illustrated* and *Fortune*. The Times, Inc. Magazine Company rarely promotes regular issues. "The need isn't there," says Gunn, a 16-year Time/Life employee. "We do some things to highlight the unique quality of the special issues."

On the other hand, ICD/Hearst (New York), Conde Nast (New York) and Reader's Digest (Pleasantville, N.Y.) are examples of more promotions-conscious publishers.

The impulse factor of magazine sales dictates their placement at checkout—and, as more and more buyers are advocating, across from cereals, paper towels and other high-traffic goods. "That's where you want to be," says one buyer, "because magazines are high-impulse items."

The Front End Profitability Study released by *Periodicals Merchandiser* reveals that magazines and paperbacks account for 48 percent of sales at the front end. Candy and gum are a distant second, at 24 percent, while tobacco products are third, with 18 percent. All other products combined totaled 12 percent.

With those figures in hand, the Periodicals Institute poses the following question: Why are the three hot categories that drive checkout sales increasingly subject to attack from peripheral products (i.e., blades, beauty products, film, postcards, writing instruments) and seasonal items (lip balm, cough drops, sunglasses)?

"The result is front-end clutter that kills sales—especially for high-impulse items such as publications," sums up the Institute.

Are there problems down the road? Clearly. Too few people for many jobs.

Labor shortages are substantial with most supermarkets, Fitzmaurice says. "And one of the biggest problems is the mainline. They don't have the help to keep things in order." But there is a work force ready and willing to step forward.

"The graying of America is taking place. Some people in their sixties and seventies are just as capable of working as people in their forties and fifties," he says. "There is a substantial labor pool among senior citizens that is not only reliable, but easy to train." He cited Publix, a Lakeland, Fla.-based chain of 372 supermarkets, as a company that is utilizing this emerging, industrious group.

—DON HARRISON

SOFT DRINKS

Continued from page 192

Lezgin says. "Right now our numbers are fluctuating, and its hard to look at 'apples to apples.' We didn't begin the reintroduction of Perrier with a Twist until [this month]."

Yet a source at an upscale urban supermarket chain in the Northeast says that Perrier "never came back to where it was" before the recall. The source acknowledges that the reintroduction of flavored Perrier products has yet to make a contribution to the company's comeback, but adds that Perrier's Twist products were never big contributors to sales.

Perrier remains optimistic that it can regain most, if not all, of its previous sales, and that it will retain its stature as the champagne of bottled waters. Some observers have credited Perrier's public relations and advertising efforts with keeping the brand in consumer minds.

Truce in the Cola Wars?

While Perrier has been all at sea with its water problems, back on the battle front of the Cola Wars, it seems as if a limited truce between Coca-Cola and archrival Pepsi has held up in large measure.

More than a year ago, observers noticed that the cola giants had begun stepping back from their previously cutthroat competitive practices in several key markets.

Pepsi is cool to any resumption of hostilities. "We're not so interested in the Cola Wars," says Gary Gerdemann, a Pepsi spokesman. "We're pledged to be the business profit leader by 1992."

Yet to characterize the relationship between the soft drink superpowers as détente may be overstating the point. For instance, the troops at Pepsi couldn't help but be heartened when Coca-Cola's highly touted Magic Can promotion ran into trouble.

The cans used a device to deliver cash to winners directly from the container: Coke-filled, prizewinning cans with water, separated from the cash by a seal. Unfortunately, the seals sometimes leaked and a few unlucky winners, who tried to drink out of the cans, got a mouthful of unpleasant liquid. And even the idea of winning seemed to bother some Coke devotees, who preferred the soft drink to a quick buck or two.

Despite the problems, the company characterized the effort as a success.

"We regard the Magic Can promotion as a success," says Bob Bertini, a spokesman. "Even though it had some mechanical problems, it won the interest of the trade and consumers."

As part of the Magic Summer promotions, Coca-Cola launched a second promotion in August named Magic Cruise, featuring the singing group New Kids on the Block. The grand prize is a Caribbean cruise with the band.

While Coke's summer marketing program suffered technical difficulties, Pepsi's summer Cool Can promotion went off without a hitch. Targeted, like the bulk of Pepsi marketing, to the adolescent/young adult market, the commercial starred Young MC, a top rapper who also sang the theme.

But the national sales push isn't the only Pepsi initiative. A restructuring in 1988 led to the creation of four separate divisions in the U.S., each with its own marketing staff that has the power to create its own promotions. An example has been central division's "True to the Red White and Blue in the Heartland."

"For the 'True to the Red, White and Blue' promotion, we used TV, radio and newspaper advertising, and we had impact giveaways and a sweepstakes. The promotion's tag line was 'Everyone's a winner in the Heartland.' Anyone who bought a Pepsi literally won a prize, from record discounts to minivans. Each Pepsi container was labeled, 'This Package is a Winner.' "

Coca-Cola also is putting more emphasis on regional marketing programs. "We're doing a strong supermarket push with regional tie-ins to major events, such as the Indy 500," says Bertini.

Coca-Cola continues to leverage the Coke family of products, this year with the introduction of caffeine-free Coca-Cola Classic. Coca-Cola has also repackaged "New Coke" as Coke II, and reports indicate that the company will launch its sweeter, less carbonated soft drink as a direct strike at Pepsi and attempt to win over the younger audiences Pepsi targets.

Of course, each year, several new soft drink stars are born. While last year's darling, Soho Natural Sodas, a company purchased in 1989 by Joseph E. Seagram & Sons, continues to thrive, Snapple Natural Beverages (Ridgewood, N.Y.) seems to have stolen the show, at least for the moment. Snapple products have become the "in" thing to drink with a takeout lunch all over New York. Another emerging star, Original New York Seltzer Naturally Flavored Sodas, has taken up a competitive position against Soho. Original New York—a Walnut, Cal.-based firm with roots in the Big Apple—also has become the first company in the U.S. to roll out nationally a major iced coffee product.

Iced teas and coffees

Time may have to tell, but is seems as if some of the trendier soft drink producers are betting that iced teas and iced coffees will prove appealing to consumers looking for noncarbonated soft drinks.

That doesn't necessarily mean just older consumers. "Everyone drinks our iced teas," says Leonard Marsh, chairman of Snapple.

Isotonic drinks, those that claim to replace nutrients lost in exercise, also are hot sellers, prompting several soft drink companies to test those waters. And category leader Gatorade is adding several new products, including a light version of the product. "The prospects for the category are positive," says Peter Vitulli, president of Quaker Oats's Gatorade subsidiary (Chicago). "Our target audience is people engaged in physical activity, and we think the health trend will continue."

—MIKE DUFF